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Progress on the replacement of office blocks A–J at the United Nations Office at Nairobi

Report of the Secretary-General

Summary

The fifth progress report on the replacement of office blocks A–J at the United Nations Office at Nairobi is submitted pursuant to section XV of General Assembly resolution [76/246 A](#).

In his report, the Secretary-General provides information on the progress made since the issuance of his previous report on the same topic ([A/76/330](#)). He provides updates on progress made during the reporting period related to the various components of the project, namely, the completion of the construction of a new annex building and progress on the repurposing of the publishing services building as part of the early works; the completion of the block V pilot refurbishment works and progress on the blocks P and Q extended pilot refurbishment works as part of the implementation of flexible workplace strategies; and on progress made on the design phase of the works for the new building to replace the old office blocks A–J.

The recommended actions to be taken by the General Assembly are set out in section VIII of the report. The Assembly is requested to take note of the report, approve the reassignment of one position of National Officer to different functions, to approve the continuation of one position of Safety and Security Officer (P-3) from January 2023 until project completion and to approve an appropriation in the amount of \$13,196,200 for 2023.



I. Introduction

1. The present report is submitted in accordance with section XV of General Assembly resolution [76/246](#) A. It contains an update on the project for the replacement of office blocks A–J at the United Nations Office at Nairobi since the issuance of the previous report of the Secretary-General on the project ([A/76/330](#)).
2. In his report, the Secretary-General provides updated information on the progress made on the implementation of the three components of the project, namely, the early works, the implementation of flexible workplace strategies and the construction of the new building to replace office blocks A–J at the United Nations Office at Nairobi. The objectives of this project remain unchanged and are focused on addressing the urgent challenges related to health, safety and code compliance associated with the existing office blocks A–J.
3. The report includes progress on the construction works related to the early works component, including the completion of the annex building and the completion of the first phase of refurbishing the publishing services building, while the second phase is on track for completion by year end. This will represent a major milestone for the project, as the first of three components will then be substantially completed.
4. In addition, the report also includes an update on the flexible workplace strategies component. Following the completion of the first full block V pilot project in 2021, the renovation of the next two blocks (P and Q) began in March 2022 and is scheduled for completion by September 2022. This will result in the completion of 27 per cent of this component (3 of 11 blocks). Works on 3 more blocks (T, U and X) will commence by year end, meaning that 55 per cent of the component will be complete or in progress (6 of 11 blocks).
5. Finally, the report includes an update on the third component, namely, the new building component, for which a design contract was awarded in September 2021. The design development stage (the third of four stages of the design process) was complete by August 2022, while the fourth stage (technical design) is under way and due to be completed by October 2022. That stage will be followed by the construction tender. Several in-person workshops took place during the reporting period in Nairobi involving key specialists from the international professional services firm and United Nations stakeholders. A construction contract is expected to be awarded in early 2023.
6. The report also includes an update on the confirmed intentions of the Office of the United Nations High Commissioner for Refugees (UNHCR) to fund the capital investment required for financing its own, separate office buildings in the United Nations Office at Nairobi's Gigiri complex, while also benefiting from some economies of scale through the A–J project (e.g. design and project management) without affecting the overall cost and schedule of their replacement. The International Organization for Migration (IOM) has not confirmed its intentions to proceed and therefore will not be considered further with regard to this project.
7. In his report, the Secretary-General also elaborates on the expected benefits from the planned renewable energy efficiency of the new annex building and the refurbished publishing services building, as well as the waste management measures that were successfully implemented during construction of both the early works component and the flexible workplace strategies component of the project, including the recycling of construction waste. The Secretary-General also explains the environmental features that are planned as part of the new building component.
8. Finally, the Secretary-General provides an updated implementation schedule, which continues to forecast substantial project completion by 31 December 2024 and final completion by 31 December 2025.

II. Project objectives

9. The key objectives of the project remain unchanged since the previous reports of the Secretary-General, and are focused on addressing the urgent challenges related to health, safety and code compliance associated with the existing office blocks A–J.

10. The scope of work for the project, as presented in the previous project reports of the Secretary-General, comprises three main components:

(a) Early works to repurpose the publishing services building and the construction of a new annex building to accommodate all the operational functions of the United Nations Office at Nairobi;

(b) Flexible workplace strategies across all offices in the Gigiri complex to improve current space utilization;

(c) A new building component to replace office blocks A–J and to accommodate future space requirements for current United Nations Gigiri-based entities, which will also address the current shortfalls of the existing blocks in terms of universal accessibility, energy efficiency, structural safety and the provision of modern and flexible spaces suitable for the implementation of flexible workplace strategies.

Refinement of the master plan

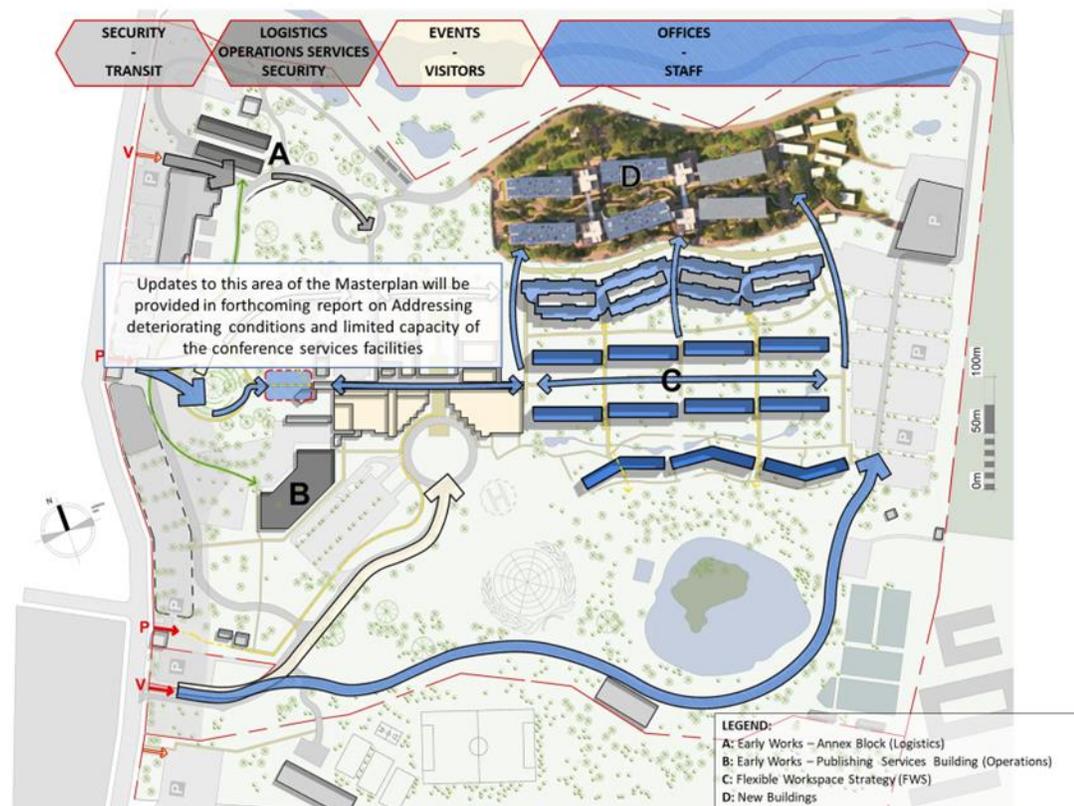
11. As a further refinement of the master plan, presented in the previous progress report (A/76/330), the footprint of block J has been replaced by the newly constructed annex building, which is part of the early works component. The remaining footprint of blocks A–I will be reclaimed and will revert to an environmental park. The slight net reduction in the overall projected number of future staff resulting from the office space survey conducted in 2021, as reported in the previous progress report, does not have an impact on the cost of the new building component, as the original estimates were based on an unchanged area of office space (between 7,000 and 12,600 m²), and the indication from several other tenants is that their own staffing numbers will be increasing. Only at the time the construction contract is awarded will the actual cost of construction be known and the cost plan for the project be updated and reported accordingly. In addition, the modular and scalable layout of the new building component was developed with keen consideration of the following design aspects:

(a) Minimized environmental impact and integration into the existing infrastructure;

(b) Universal accessibility and optimal interconnection with the existing offices and the greater Gigiri complex circulation plan;

(c) Further development and refinement of the adopted flexible indoor/outdoor workplace concept to support optimal cooperation and collaboration spaces.

Figure I
Updated master plan of the United Nations Office at Nairobi with confirmed new office block layouts



12. Figure I shows the final positioning of the confirmed new office block layout (indicated in the legend as “D”) following the completion of the design process. To the south of the flexible workplace strategies component (indicated in the legend as “C”), is the location that was initially indicated in the prior progress report (A/76/330) as a potential site for the IOM/UNHCR buildings; however, that location is no longer being considered. Instead, location D has now been designed to accommodate both the full new building scope of the project to replace blocks A–J (representing the four dark grey buildings shown at location D) as well as the additional scope to be funded by UNHCR (representing the two light grey buildings shown at location D). No other site needs to be considered for the new building component.

13. In line with section IV of General Assembly resolution 76/246 A on addressing the deteriorating conditions and limited capacity of the conference services facilities at the United Nations Office at Nairobi, the two project teams coordinated extensively during the reporting period. In general terms, given that the conference facilities project will comprise a significant portion of the Office compound both in terms of future built area and of the types of spaces contained therein, the conference facilities team has assumed a lead role in developing the overall master plan as of the reporting period.

14. Furthermore, based on the master plan presented in the previous progress report (A/76/330, figure I), further development of the various areas of the plan now falls within the responsibility of each team – conference and office areas – respectively.

15. With regard to affording access for persons with disabilities to and within the compound to the greatest feasible extent, the overall master plan has been updated to

include a comprehensive pedestrian traffic flow analysis from the staff, delegates and visitors' entrances to all buildings to ensure equitable access. That mainly entailed a thorough study of site elevations to ensure that ramps were within allowable design tolerances and that elevators or lifts were provided when needed. At the present stage of the design of the conference facility, the plan is considered to be in pre-design and will be further developed once the design stage begins in 2023, subject to the approval of the General Assembly.

16. In the meantime, the dedicated A–J project team has ensured that accessibility is fully afforded within the office block areas, including in the scope of the new building component, and the current design foresees connections to the new conference facilities at key junctures where the scopes of the two projects meet.

17. As is the case for most design-build elements, with regard to energy efficiency and other sustainability initiatives, the two projects are technically independent, meaning that various systems, including photovoltaic panels that produce electricity, passive solar systems for heating water, electricity-reduction measures such as lighting control and daylight harvesting, wastewater treatment, and water-reduction measures such as low-flow sinks and toilets and low-water landscaping, are intended to function independently. However, lessons learned and best practices, as well as design standards, would be shared among project teams, as appropriate.

18. The latest overall master plan for the United Nations Office at Nairobi compound will be included in the forthcoming report of the Secretary-General on addressing the deteriorating conditions and limited capacity of the conference services facilities at the United Nations Office at Nairobi, presented at the main part of the seventy-seventh session of the General Assembly.

III. Project governance, management, and accountability

A. Project governance

19. In accordance with the established governance structure ([A/75/331](#), para. 11 and annex II), the Director-General of the United Nations Office at Nairobi, in her role as the project owner, has assigned the Director of Administration to serve as project executive, supported by a delegated executive with responsibility for day-to-day management of the project in close consultation with the project executive, including the management of the dedicated project management team headed by a Project Manager (P-5). The project manager has a dual reporting line to the project executive and the delegated executive.

20. The project owner and the project executive have been actively involved in the project and receive regular comprehensive briefings from the dedicated project management team and conduct visits to the project sites. Regular status updates were provided to the project owner by the delegated executive and the dedicated project management team on matters requiring strategic decision-making. The most recent meetings of the stakeholder committee, chaired by the project executive, were held in March, April and August 2022. The outcomes of these meetings led to decisions regarding the annex building, on swing space, information technology and security requirements, facility and infrastructure requirements, on key resources and the positioning of the buildings, to name a few.

21. The dedicated project management team continues to work in close consultation with internal project stakeholders (the Facilities Management and Transportation Section; the Division of Headquarters Safety and Security Services; the Information and Communications Technology Services; and the Publishing Services Section of

the Division of Conference Services) at the operational level on a regular basis (weekly or monthly). The stakeholder consultations focus on issues related to the project scope, schedule and benefits and the review of the design development from a technical and operational perspective, as well as proposed project sequencing to ensure business continuity and the scheduling of ongoing construction works. This close collaboration with stakeholders has ensured the success of the project to date and will ensure an efficient operational handover on its completion. The sign-off procedure agreed with facilities stakeholders includes email exchanges to discuss specific technical topics and joint site inspections, followed by direct site instructions recorded in the minutes of the consultants to the Architect/Engineer. A schedule of requests for approval was also introduced as part of the quality assurance procedure, shared to the Teams and SharePoint platforms. The decisions of the Information and Communications Technology Services are recorded through meeting minutes, and the decisions of the Division of Headquarters Safety and Security Services are recorded by way of email exchanges. Quality assurance also includes a schedule for requests for information and a change log, which is part of the change management procedures. Change orders are signed off by the project team, and fall into different categories, including client requests, contractor requests and design-related requests.

22. The audit of the Office of Internal Oversight Services on the A–J project is ongoing in 2022.

Coordination and oversight by the Global Asset Management Policy Service at Headquarters

23. Consultations continue to be held at least bimonthly between the dedicated project management team, the delegated executive and the Global Asset Management Policy Service at Headquarters. The Service has conducted field visits to Nairobi on a regular basis, most recently in May 2022, coinciding with the visit of the Advisory Committee on Administrative and Budgetary Questions to Nairobi. In addition, the Director of the Field Operations Finance Division visited the United Nations Office at Nairobi in September 2022 to take stock of the progress of both the replacement of office blocks A–J and the project to address the deteriorating conditions and limited capacity of the conference service facilities at the Office.

24. The Global Asset Management Policy Service, supported by an international professional firm with experience in construction-related risk management services, continued to hold regular risk management workshops with the dedicated project management team. Project risk-related information from the workshops contributed to the Monte Carlo model, whose outcomes are presented in section IV of the present report.

B. Project management

25. The project management team comprises a Project Manager (P-5), one Space Planner/Coordinator (P-4), one Engineer (P-3), one Logistics Officer (National Officer), one Clerk of Works (Local level), one Senior Administrative Assistant (Local level) and three Security Officers (Local level). The status of recruitment for the vacant positions of the dedicated project management team is as follows:

(a) Project Manager (P-5): the position was vacated on 31 August 2022; recruitment is under way to identify a replacement;

(b) Architect/Engineer (P-3): the incumbent took up a position with another United Nations entity as of mid-September 2022; recruitment is under way to identify a replacement;

(c) Engineer (National Officer): it is proposed that the position be reassigned as a position of Administrative Officer (National Officer), with a focus on project service aspects, including contractual project responsibilities from a finance and budget administration perspective. Lessons learned from other projects show the relevance of this role, which ensures that project payments are in line with approved budget allocations and expenditures are monitored to ensure they remain within authorized levels. The functions would include the management of fixed assets and the handling of project assets under construction. It would be critical, given the number of buildings being renovated or constructed at the United Nations Office at Nairobi, to provide expert guidance to the project manager and technical focal points in order to ensure the proper recording of information related to assets under construction and fixed assets related to building/infrastructure, as well as the impairment, transfer and disposal of existing building/infrastructure assets;

(d) New position of Safety and Security Officer (P-3): to support the critical safety and security components of this project and eliminate the need for consultants in this area, the United Nations Office at Nairobi is recruiting a temporary position of Safety and Security Officer (P-3) for three months from October to December 2022. It is proposed that this position be continued into 2023, until project completion;

(e) Senior Administrative Assistant (Local level): recruitment is under way.

26. Table 1 shows details of the incumbency of the positions from project inception to date.

Table 1
Project management positions: incumbency from project inception

<i>Positions</i>	<i>2018</i>	<i>2019</i>	<i>2020</i>	<i>2021</i>	<i>2022</i>	<i>2023 planned</i>
Project Manager (P-5)	–	Encumbered since October 2019	Encumbered	Encumbered	Vacant since September 2022; expected to be filled in October 2022	Encumbered
Space Planner/Coordinator (P-4)	Encumbered since October 2018	Encumbered	Encumbered	Encumbered	Encumbered	Encumbered
Structural/Civil Engineer (P-3)	Vacant	Encumbered since February 2019	Encumbered	Encumbered	Vacant since September 2022; expected to be filled in October 2022	Encumbered
Procurement Officer (P-3)	–	Encumbered since August 2019	Encumbered	Encumbered	Encumbered	Encumbered
Logistics Officer (National Officer)	–	Vacant	Vacant	Encumbered since November 2021	Encumbered	Encumbered
Mechanical, Electrical and Plumbing Engineer, proposed to be reassigned as Administrative Officer (National Officer)	–	Vacant	Vacant	Vacant	Vacant; expected to be filled in October 2022	Encumbered
Clerk of Work (Local level)	–	Vacant	Vacant	Encumbered since June 2021	Encumbered	Encumbered
Senior Administrative Assistant (Local level)	–	Vacant	Vacant	Vacant	Vacant; expected to be filled in October 2022	Encumbered
Security Guard (Local level)	–	–	Vacant	Encumbered since February 2021	Encumbered	Encumbered
Security Guard (Local level)	–	–	Vacant	Encumbered since February 2021	Encumbered	Encumbered

<i>Positions</i>	<i>2018</i>	<i>2019</i>	<i>2020</i>	<i>2021</i>	<i>2022</i>	<i>2023 planned</i>
Security Guard (Local level)	–	–	Vacant	Encumbered since April 2021	Encumbered	Encumbered
Security Guard (Local level)	–	–	Vacant	Encumbered since September 2021	Encumbered	Encumbered
Safety and Security Officer (P-3)	–	–	–	–	Vacant; expected to be filled in October 2022	Encumbered
Project Coordinator (P-3)	–	Vacant	Vacant	Vacant ^a	Vacant ^a	Encumbered; cost-sharing between UNON (75 per cent) and ECLAC (25 per cent) ^a

Abbreviations: ECLAC, Economic Commission for Latin America and the Caribbean; UNON, United Nations Office at Nairobi.

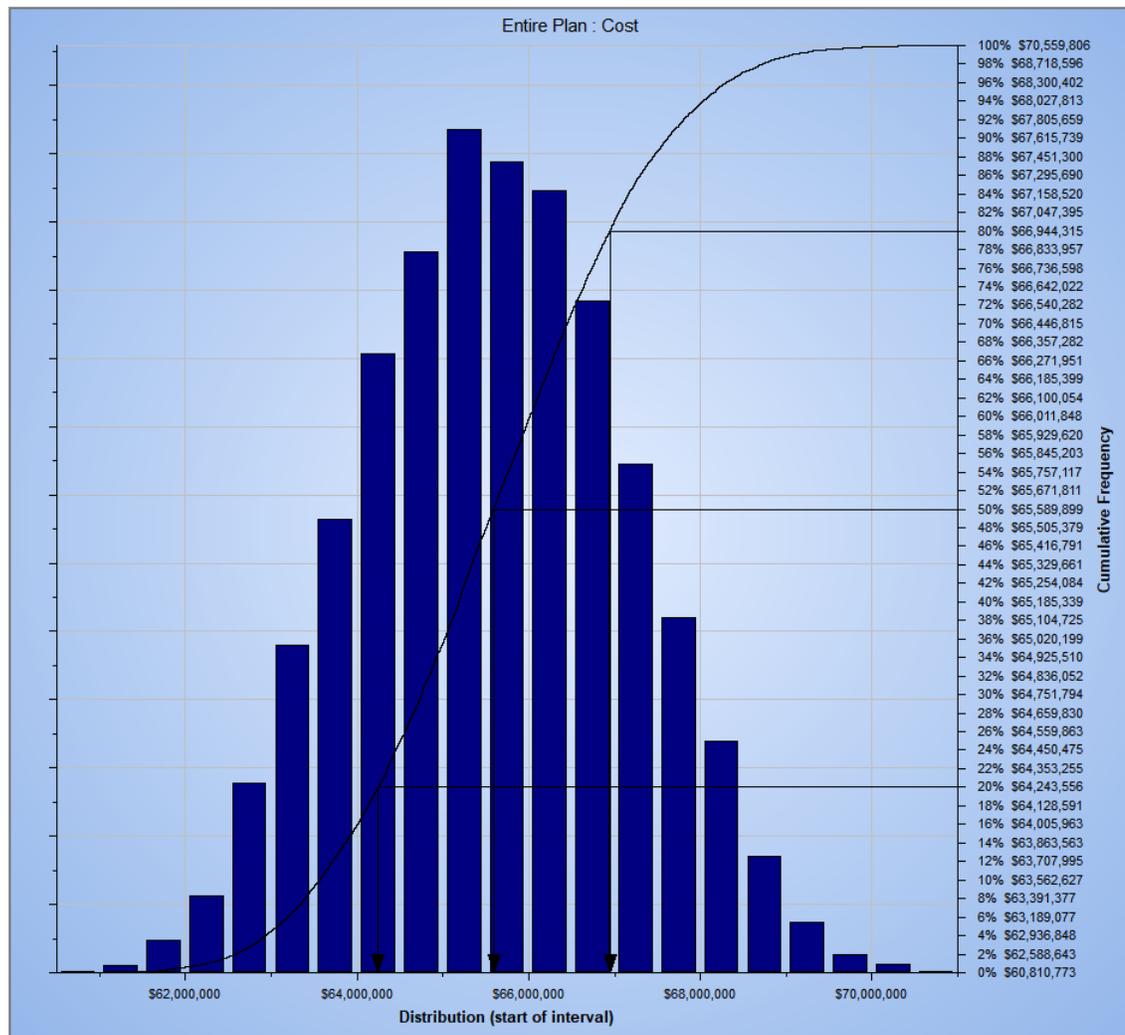
^a The Project Coordinator (P-3) located in the Global Asset Management Policy Service at Headquarters is jointly funded by the United Nations Office at Nairobi office blocks A–J project and the Economic Commission for Latin America and the Caribbean North Building project at a 75:25 ratio. This position has been deliberately delayed in order to limit the possibility of overspending on project overhead as a whole for all global capital projects, owing to the delays caused by the coronavirus disease (COVID-19) pandemic. This P-3 position is expected to be filled in early 2023 to coincide with the start of construction of the office blocks A–J project and the North Building project. In the absence of the P-3 incumbent, support to both projects has nevertheless been provided by the Global Asset Management Policy Service through its capacity, including a Project Coordinator (P-4) that is cost-shared between the seismic mitigation project of the Economic and Social Commission for Asia and the Pacific and the Africa Hall project of the Economic Commission for Africa. During 2021 and 2022, based on an overall consideration of the requirement and progression of the projects, the office blocks A–J project shared 50 per cent of the cost of the Project Coordinator (P-4) while the P-3 position was kept vacant. The cost plans of the related projects have been updated accordingly.

IV. Risk management

27. Following the first risk management workshop, held in 2018, the risk management strategy and risk register for the project were established, and the first quantitative project risk assessment (Monte Carlo simulation) was performed. Since then, the independent risk management firm has conducted regular risk meetings to review the project risk register and provide guidance on the management of project risks. The firm produced nine semi-annual project-related progress reports to provide ongoing support for project owner decision-making.

28. In June 2022, the independent risk management firm facilitated a fifth Monte Carlo simulation for the project, which was based on updated assessed costs for both existing and newly identified risks. The outcomes of the fifth Monte Carlo simulation are shown in figures II and III.

Figure II
Cost histogram of analysed risks, June 2022



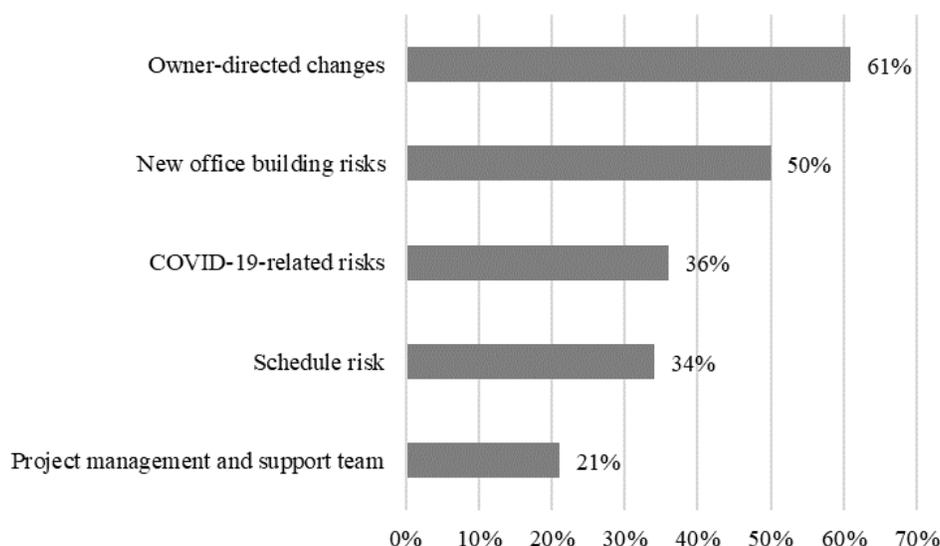
29. In 2022, the likelihood of delivering the project within the estimated project cost of \$66.26 million is 66 per cent, which is an increase of 19 percentage points compared with the previous year’s confidence level of 47 per cent. As shown in

figure II, the fifth Monte Carlo assessment carried out in 2022 projects that a budget of \$66.94 million would be needed to meet the United Nations P80 confidence level target, which is \$0.68 million above the approved total project cost of \$66.26 million.

30. The 2022 Monte Carlo simulation resulted in the updating of the cost sensitivity (“tornado”) chart shown in figure III, which shows the five risks that have the greatest impact on the overall project costs (from those with the highest impact to those with the lowest, based on statistical correlation). For the project to replace office blocks A–J, owner-directed changes correlate the most with the overall project costs.

31. Whereas the early works component, with its critical project items such as the establishment of the new data centre and its security services installations, is about to be successfully delivered by the end of 2022 and the risks associated with it will be retired, the new building and flexible workplace strategies components still contain a variety of unknowns that potentially put the project at risk. In addition, risks related to the coronavirus disease (COVID-19) continue to create budgetary pressures. For example, pandemic-related safety measures and/or changes in working methods to be applied during the future implementation of construction works, such as social distancing measures on the construction site, could continue to slow project implementation. Overall, the increase in confidence level during the reporting period shows that the project is currently maturing well, and it can be expected that the confidence level will increase further once the work packages of the flexible workplace strategies and the new building component have been assigned and a better understanding is gained of the capability of the contractors to deliver the works.

Figure III
Cost sensitivity (“tornado”) chart showing the five risks with the greatest impact on project costs, June 2022



32. The top five risks identified in the cost sensitivity analysis shown in figure III are as follows:

(a) **Owner-directed changes.** This risk is currently ranked highest given that the third stage of the design process (design development) is now complete and any owner-directed changes at this stage, and while moving into construction, are likely to have a higher impact on the project budget. As discussed in previous reports ([A/74/343](#), [A/75/331](#) and [A/76/330](#)), this risk relates to owner requirements that may emerge and could potentially result in additional costs if scope adjustments become

necessary during project implementation. Risk responses and mitigating measures include keeping key organizational stakeholders involved from the outset of the project. The United Nations Office at Nairobi project management team continues to ensure that stakeholders are aware of their responsibility to have the project design developed in line with organizational and operational needs, given that they will have to ensure that their expected benefits will be delivered upon acceptance of the final project products;

(b) **Construction of new office building.** The development of the Gigiri master plan has confirmed the final location of the new building component and no longer requires the demolishing of any of the existing A–J blocks before the new building is complete, which is reflected in a slightly lower risk ranking during the reporting period. Overall, this risk remains high because the new building component is relatively complex. The new building solicitation is currently forecast to be completed by the end of 2022 or early in 2023. To ensure the project remains on time and within budget, the dedicated team is developing this component in close coordination with the design firm. During the design development process, the team intends to identify and potentially capitalize on value engineering options. Although critical project items such as the establishment of the new data centre and security services installations are about to be successfully delivered by the end of 2022, as part of the early works component, a contractor for the construction of the new building has yet to be assigned. The United Nations Office at Nairobi will better understand the uncertainties and possible mitigation measures with regard to this component once this is done. The Office, in coordination with Headquarters, is considering approaches used in other construction projects such as “multistage” tendering, which is aimed at creating the best possible understanding of the project for vendors so as to obtain the highest quality and most cost-efficient proposals, and will enter into a contract agreement as soon as possible;

(c) **COVID-19-related risks.** The risk currently ranks slightly higher than during the previous reporting period (third instead of fourth), as the project moves closer to awarding the new building construction contract. Global supply chain issues, which are in part affected by the pandemic, could potentially have an impact on the importation of a variety of goods and services needed by the future contractor, or a shortage of such goods and services may increase their prices. Although COVID-19-related disruptions have decreased during the reporting period compared with previous periods, there are still a variety of risk-related unknowns that could have an impact. For example, there is a risk that the implementation of the main renovation works will take longer than planned because of local regulations, such as social distancing measures (e.g. limiting or reducing the number of contractor staff on site) and/or the requirement to provide additional hygienic common facilities (such as toilet rooms, locker/dressing rooms and/or catering facilities), should a new variant of the virus arise. The dedicated project team and the Global Asset Management Policy Service, supported by the independent risk management firm, continue to carefully monitor the situation;

(d) **Schedule risk.** This risk ranks slightly higher than during the previous reporting period (fourth instead of fifth), reflecting the slight slippage in the schedule of the design and the subsequent tender for a new building construction contract. Current slippages in the solicitation of services, as well as the risk of additional slippages caused in particular by the logistical and administrative complexities of the flexible workplace strategies component, put pressure on the project schedule. In addition to the embedded schedule risks during the design development, tendering, construction and handover efforts of all three project components, the flexible workplace strategies component requires meticulous planning and programming in order to move staff from their current locations to any future swing space and/or final

location, as well as extensive coordination, information and change management initiatives between the project and the Secretariat and non-Secretariat tenants of the United Nations Office at Nairobi. In coordination with professional firms and contractors, the dedicated project management team continues to monitor and control the progress of the three project components and to assess alternative implementation routes that take into consideration value engineering options and other measures that could potentially save or gain implementation time. Any delay in project completion would require prolonged services from the dedicated project management team and the lead consultancy firm and would put the project budget under pressure;

(e) **Project management and support team.** This risk is ranked lower than during the previous reporting period (fifth instead of second) even though it partially materialized when two incumbents left their dedicated project posts in mid-2022. The reduced risk ranking reflects the Office's mitigation measures, which consisted of temporarily covering the vacant posts through increased support from the facilities stakeholder team. Replacement of staff is expected in 2022. In addition, the transition of the now-vacant posts was well timed, as it was at the end of third design stage, when all detailed design decisions had been confirmed. The new incumbents can now take on the tender of the new building component and the consequent construction management and supervision services. As the project progresses, continuous stakeholder engagement and organizational and external expertise will be required to support the project team in developing a functional design and in planning efficient ways to deliver project products. For example, specialized knowledge in the areas of information technology and interior design should be provided, when needed, to supplement team knowledge and to ensure that the final design meets the needs of both Secretariat and non-Secretariat clients in a future flexible working environment. In addition, the safety and physical security aspects of the project are significant and will require distinct expertise when addressed. Owing to the confidential nature of the security elements at the United Nations, not all information can be disseminated to external consultants and, therefore, internal support will have to be provided for some of the works. In addition, there remains the risk that incumbents of current project posts may leave the project to pursue alternative job options. In such a case, the project would lose some of the knowledge held by the incumbent and it could take time to find a suitable replacement to fill the gap. Any delays in delivering the project will require extended services from the dedicated project management team, which can be costly. To mitigate the risk, the United Nations Office at Nairobi is attempting to adjust the dedicated project team, as described in the present report.

33. Table 2 shows the evolution of the top five project risks over the past three reporting periods.

Table 2
Evolution of top five project risks during the past three reporting periods

<i>Risk ranking</i>	<i>Third progress report of the Secretary-General (A/75/331)</i>	<i>Fourth progress report of the Secretary-General (A/76/330)</i>	<i>Fifth progress report of the Secretary-General (A/77/349)</i>
1	Flexible workspace strategies: interior refurbishment	Construction of new office building	Owner-directed changes
2	COVID-19-related risks	Project management and support team	Construction of new office building
3	Owner-directed changes	Owner-directed changes	COVID-19-related risks

<i>Risk ranking</i>	<i>Third progress report of the Secretary-General (A/75/331)</i>	<i>Fourth progress report of the Secretary-General (A/76/330)</i>	<i>Fifth progress report of the Secretary-General (A/77/349)</i>
4	Civil, mechanical, electrical and plumbing works (two blocks)	COVID-19-related risks	Schedule risk
5	Flexible workplace strategies: information technology and furniture	Schedule risk	Project management and support team

Integrated risk management

34. The project team, supported by the independent risk management firm, continued to perform integrated risk management activities at the local project level. This included updating and maintaining the risk register, which remains a live repository of all current and past risks, with each risk assigned to a staff member responsible for monitoring and controlling it and taking corrective action when needed, in line with the defined mitigation plan. The project team regularly engages the specialized consultants and contractors in their regular risk management activities. As part of the regular monitoring activities, such as regular site meetings, the risk situation is carefully analysed and addressed.

V. Progress made during the reporting period

A. Progress made on the project components

35. Progress made on the three main project components is described below.

Early works component

36. The early works component comprises the following:

(a) Construction of a new annex building to house the logistical and operational services of the United Nations Office at Nairobi. The annex building will also be used as swing space on an interim basis to support office moves required in support of the remaining components of the project to replace office blocks A–J, including the flexible workplace strategies component and the new building component;

(b) Refurbishment of the existing publishing services building as the Office's primary information technology data centre, print shop and central security control room, along with associated facilities.

37. Construction of the annex building began in April 2021 and was completed in August 2022 within the anticipated budget. The contract for refurbishing the publishing services building was awarded in August 2021 and is scheduled for completion by the end of December 2022. It was necessary to conduct this project in two phases, owing to the ongoing operations of the print shop within the building. The first phase was successfully completed on schedule in May 2022, and the transition between the two phases was efficiently managed, with all heavy printing infrastructure and equipment moved from one side of the building to the completed side of the building in less than one week, which minimized downtime and prevented any major disruptions to ongoing publishing activities. The second and final phase is under way and is scheduled for completion by the end of December 2022. The second phase is more complex, as it involves the construction of the new primary information technology data centre and the central security control facilities.

Flexible workplace strategies component

38. The generic designs for office blocks M–X completed in the previous reporting period were refined to reflect the specific needs of the tenants who will occupy office blocks P and Q.

39. In line with paragraph 6 of section XV of resolution [76/246 A](#), meetings and workshops were held with the external design consultants, the contractor and the Global Asset Management Policy Service to capture best practices and lessons learned from similar projects. One such lesson from the design and construction of block V was the need to change the solicitation documentation to procure all imported items for all the office blocks well in advance of the construction works. The advance procurement of long-lead, specialty and imported goods for construction mitigates the known risk of delays to overall completion.

40. Another lesson learned from the office block V renovation project was the need to consolidate all upgrade works required on a specific office block into one construction contract to benefit from economies of scale, minimize disruption to end users and ensure the efficient sequencing of construction works. To this end, works earmarked under regular maintenance budgets, such as window replacement, accessibility and other improvement works, including the installation of passenger lifts for vertical circulation, together with renovation works to implement flexible workplace strategies, were consolidated under one construction contract.

41. The implementation of change management activities that engage all affected staff and provide key and timely information was another lesson learned that has been rolled out extensively to the rest of the project. Change management activities provided a “soft landing” for tenants (the World Food Programme (WFP)) moving into office block V, and contributed to the success of the project. Such activities carried out during the reporting period included town halls, workshops, interviews, surveys and engagement sessions with all staff and focal points who moved out of office blocks P and Q. Similar activities are ongoing with all staff moving into the renovated office blocks P and Q.

42. All existing staff in office blocks P and Q were temporarily moved into dedicated and temporary swing spaces and into the office blocks previously occupied by WFP after the latter’s move to office block V.

43. In line with paragraph 11 of section XV of resolution [76/246 A](#) and paragraph 29 of the report of the Advisory Committee on Administrative and Budgetary Questions ([A/76/7/Add.17](#)), the majority of materials used in the construction works on office blocks P and Q have been locally sourced and include sand, glass, stone, timber, ballast, cement and concrete. Some specialist items have been imported, including light fittings and associated accessories, information and communications technology (ICT) cabinets, flooring systems, porcelain floor and wall tiles, acoustic ceilings and sensor taps.

44. Furthermore, local artisans will manufacture custom-made furniture for work zones in office blocks P and Q. This includes the touchdown furniture within the work lounge and all the signage required for the building. The main raw materials used for locally manufactured furniture and artefacts are logs from the construction sites of the early works component of the project.

45. As scheduled, the construction works package and the solicitation of the services of a professional construction firm for the refurbishment and implementation of flexible workplace strategies in the remaining office blocks M–X was carried out. The construction works will be phased in, with the first phase involving the

refurbishment and renovation works of office blocks T, U and X. This is scheduled to commence in October 2022.

46. Solicitation of the furniture works package for office blocks P and Q and for the implementation of flexible workplace strategies across the remainder of the Gigiri complex began on schedule and is ongoing. The outcome of the solicitation will assist in refining the financial implications of furniture costs for all the Secretariat entities.

47. The implementation of a flexible indoor/outdoor workplace concept, which began during the previous reporting period with the establishment of outdoor work and meeting spaces called work “pods”, has been highly successful. The schedule for installation of an outdoor work and meeting pod for each office block has been brought forward. In total, approximately 30 pods will be installed by the end of the overall project. The already completed installations are supporting United Nations Office at Nairobi staff in their cautious return to the workplace by creating additional and secure “COVID-safe” work zones.

New building component

48. The space requirements for the new office building component are in line with the outcomes of the 2021 office space survey presented in paragraph 51 of the prior progress report ([A/76/330](#)).

49. The design process comprises four stages, which allows for a sequential review of the design proposal by multiple stakeholders. Several workshops were scheduled in Nairobi with the lead architectural design firm and United Nations Office at Nairobi stakeholders, including the Facilities Management and Transportation Section; the Division of Headquarters Safety and Security Services; the Information and Communications Technology Services, ensuring the project brief and requirements were clearly understood. In addition, the workshops allowed for the capture of lessons learned from other ongoing project components and required the coordination and involvement of all stakeholders.

50. Following further study by the design team and the consideration of site constraints, such as the steep gradients and changes in level throughout the site, the designers ensured accessibility to the site and to the extended indoor/outdoor working and collaboration areas. The design concept includes individual office buildings linked to shared logistical and circulation blocks, which host ancillary services such as washrooms, a restaurant, coffee stations and additional meeting and associated indoor/outdoor working space (see figure IV).

51. Significant progress has been made regarding the design of the new building component, which will be a showcase for environmental sustainability and will take advantage of the natural environment of the Gigiri compound, ensuring the full integration of indoor and outdoor working, linking the work environment to nature and taking maximum advantage of natural lighting and ventilation.

Figure IV
Detailed site plan of new office blocks



52. The first stage (preparation and brief) of the design phase was successfully completed on 1 February 2022, with the second stage (conceptual design) completed on 12 May 2022. The third stage (design development) was to be completed by the end of August 2022. The fourth stage (technical design), which includes the preparation of all required technical drawings and materials for the tender process, is scheduled to continue until the end of October 2022. The tender is then expected to be published in November 2022. The design has also focused on the interconnection among the blocks and to the rest of the compound, which has been developed in line with the concept of universal accessibility. The shading structures proposed on the rooftops provide both additional external usable space and enlarged areas for the installation of photovoltaic panels. The introduction of terraces in both the office and logistical blocks will provide additional indoor/outdoor features at all the building levels and implement an innovative, unique solution for outdoor flexible workspace arrangements in the complex.

53. The pre-qualification process (expression of interest) will be initiated in coordination with the Procurement Section of the United Nations Office at Nairobi.

Figure V
Architectural image of new office buildings



Potential cost-shared construction arrangements with the Office of the United Nations High Commissioner for Refugees

54. The site shown in figure V will be used for the construction of four buildings for the Secretariat as part of the replacement of office blocks A–J, and two buildings to be directly funded by UNHCR, which will be responsible for covering all costs associated with the two buildings, including construction, professional services (design), escalation, contingency, project management and security-related costs. A memorandum of understanding will be established between the United Nations Office at Nairobi and UNHCR to outline the financing, design, management and future maintenance arrangements for the construction of these building, which will also ensure that all maintenance- and utility-related costs will be covered by UNHCR, and that there will be no current or future liability borne by the Secretariat during the full life cycle of the new UNHCR buildings, as all maintenance, utility, upgrade and even future replacement costs will be covered through the rental charges paid by UNHCR during the life cycle of the building.

55. The UNHCR buildings would be ready to enter the fourth stage (technical design) of the design process, as the modular and scalable design approach adopted by the United Nations Office at Nairobi means the economies of scale of the first through third stages of the design process (undertaken for the replacement of office blocks A–J since September 2021) could be utilized to simply expand the scope of the new building component of the project to accommodate the additional buildings to be funded by UNHCR. The final design stage, the solicitation for a contractor and the construction schedule would then proceed within the same timeline as the Secretariat buildings funded through the approved maximum cost for the replacement of office blocks A–J. Building the additional office space required to accommodate UNHCR will be beneficial, as it will further improve the efficiency of the United Nations working as one at the country and regional levels, and further expand on the efficiencies and synergies associated with common premises and common services. This will be achieved without any adverse effect on the overall cost and schedule of the project to replace office blocks A–J. This project may result in potential economy of scale efficiency gains, which cannot be determined at this stage, but will be reported in the next progress report.

Energy efficiency and environmental considerations

56. As stated in a previous report of the Secretary-General (A/75/331), an overarching objective of the project has been the inclusion of environmental and sustainability best practices into the overall project design, drawing on lessons learned from the industry, prior United Nations Office at Nairobi office construction completed in 2010 and other United Nations projects. With reference to paragraph 30 of the report of the Advisory Committee on Administrative and Budgetary Questions (A/76/7/Add.17), the Office will continue to provide updates in future progress reports on the annual energy to be produced, used and redirected by the building's photovoltaic panels as well as further information regarding the application of sustainable technologies in the three project components.

57. The new annex building is intended to be a net zero building and is equipped with photovoltaic panels sized to generate, at a minimum, the equivalent of the total energy consumed by the building throughout the year. The annex building was only completed at the end of August 2022, and the space will be utilized for the next two years as swing space in support of the flexible workplace strategies and the new building components. Full data on the annual energy production will be available after the first year of operation (September 2023), which will consider the seasonal fluctuations in solar production across a full calendar year. The annual energy generation for this building was estimated at approximately 157,000 kWh (A/75/331, table 1), with consumption estimated at approximately 134,000 kWh, leading to a net overproduction of approximately 23,000 kWh. This estimate was based on 300W panels. However, the United Nations Office at Nairobi was able to install more powerful panels of 340W (13 per cent increased efficiency) which will lead to an increased estimated energy generation from 157,000 kWh to approximately 177,000 kWh. This increase was possible owing to the evolution of the technologies and successful negotiations with the building contractor. Once the annex has fully transitioned to operational and logistical functions at the end of 2024, it will be possible to confirm whether a net zero building has been achieved.

58. Furthermore, sustainable technologies were considered in the design of the publishing services building, which includes the construction of the new primary data centre for the entire Gigiri complex. As explained in paragraphs 31 to 33 of the third progress report of the Secretary-General (A/75/331), the design team has implemented the installation of a mechanical cooling system for the data centre based on direct free cooling technology that allows for the utilization of fresh filtered air for cooling purposes whenever the weather conditions are suitable (external air temperature of 27°C or below, which is frequent in Nairobi); this results in a projected 60 per cent reduction in power consumption compared with traditional cooling systems. Other steps being taken with regard to incorporating measures to improve efficiency and environmental sustainability include refurbishing the natural ventilation features of the building, installing energy-efficient lighting systems in the factory area, implementing modern washrooms featuring low-water-consumption fittings, reusing and refurbishing all existing timber frames for doors and windows, reusing the existing medium-voltage system powering the printing machines, deploying a new digital and highly efficient printing machine and optimizing the use of the available space by building new mezzanine structures. The publishing services building will also be equipped with photovoltaic panels, and once the building is completed at the end of 2022 and is fully operational, the United Nations Office at Nairobi will provide further details on the annual energy produced by this building, and the application of sustainable technologies such as the innovative free cooling system. The estimated annual energy production is 220,000 kWh.

59. Waste from all construction works has been sorted for reuse or recycled through a waste management service provider contracted by the United Nations Office at Nairobi. All timber was reused within the project, loose office furniture was reused in other offices and by staff to support their work from home, and the broken and balance of unwanted furniture was auctioned off.

60. All demolition waste materials were tracked and weighed prior to disposal.

61. In line with paragraph 12 of section XV of resolution 76/246 A, energy efficiency and water management measures were incorporated into the design and construction works of all project components. Specifically, as a result of the new electrical fittings, at its completion the energy usage for block V is expected to decrease from 182 to 145 kWh, a more than 20 per cent reduction in energy use. Water consumption will also be reduced with the introduction of more flush-efficient water closets.

62. With regard to the new building component, an environmental impact assessment was conducted at the early stages of the design to directly influence the master plan. The orientation and spacing of the blocks were modelled and studied to take into consideration the site slope and prevailing winds in order to optimize natural ventilation and daylight. Lessons learned from other project components in terms of efficiency in the installation of electrical and mechanical systems have been considered for implementation. The external infrastructure is fully integrated within the existing network of the Gigiri compound. The rainwater from the roofs is designed to be collected in dedicated tanks, separately from the storm water from the paved roads and walkways, in order to allow enhanced reuse within the complex.

63. Furthermore, a Leadership in Energy and Environment Design (LEED) gold-equivalent certification process is being simulated throughout the design and construction steps of the new building component, with the support of dedicated specialists provided by the consultancy firm. This will provide a holistic framework for the design of a sustainable facility, for the selection of materials and technologies in line with the environmental project objectives and for the implementation and commissioning of the construction with a minimum impact on the environment. The LEED simulation is also embedding the requirements and objectives of the United Nations Office at Nairobi environmental management plan, mainly in terms of solid waste management during construction.

B. Project schedule

64. The updated project schedule is provided below in tables 3 and 4. All three components of the project to replace office blocks A–J are on track for completion by the end of 2024 within the approved overall schedule, with project close-out activities on schedule for completion by the end of 2025.

Table 4
Updated project schedule for the replacement of office blocks A–J

Activities	<i>As indicated in the previous report (A/76/330)</i>		<i>As indicated in the present report</i>		Change	Reason
	<i>Start</i>	<i>End</i>	<i>Start</i>	<i>End</i>		
1. Early works						
1(i). Planning phase	October 2018	September 2019	October 2018	September 2019	None	Completed prior to project approval with resolution 76/246 A
1(ii). Design phase/ tender phase	October 2019	February 2021	October 2019	February 2021	None	Completed prior to project approval with resolution 76/246 A
1(iv). Annex	April 2021	March 2022	April 2021	August 2022	5 months late	Weather conditions, vaccination access restrictions, supply chain challenges
1(v). Publishing services building	August 2021	September 2022	August 2021	December 2022	3 months late	Adverse impact of the pandemic on the supply chain, causing late deliveries of key ICT items
2. Flexible workspace						
2(i). Planning phase	April 2019	December 2019	April 2019	December 2019	None	Completed prior to project approval with resolution 76/246 A
2(ii). Design phase	January 2020	September 2021	January 2020	September 2021	None	Completed prior to project approval with resolution 76/246 A
2(iii). Tender phase	April 2022	June 2022	April 2022	September 2022	3 months late	Prolonged procurement actions
2(iv). Pilot phase	July 2019	September 2021	July 2019	September 2021	None	Completed prior to project approval with resolution 76/246 A
2(vi). Blocks P/Q (extended pilot)	March 2022	June 2022	March 2022	September 2022	3 months late	Supply chain challenges
2(vii). Remaining blocks	October 2022	December 2024	October 2022	December 2024	On time	

Activities	As indicated in the previous report (A/76/330)		As indicated in the present report		Change	Reason
	Start	End	Start	End		
3. New building						
3(i). Planning phase	October 2019	September 2020	October 2019	September 2020	None	Completed prior to project approval with resolution 76/246 A
3(iii). Design phase	September 2021	July 2022	September 2021	October 2022	3 months late	Workshops with key stakeholders to address complex issues
3(iv). Tender phase	July 2022	December 2022	November 2022	February 2023	2 months late	Due to extended time (see row above) required on design
3(v). Construction	December 2022	December 2024	March 2023	December 2024	On time	
3(vi). Handover/close out	January 2025	December 2025	January 2025	December 2025	On time	

65. As the COVID-19 pandemic persisted throughout the reporting cycle, its effects continued to have implications in varying ways on each of the project components, leading to some project slippage per individual component, but with no overall delay to the approved project schedule. Updates to each line of the project schedule are detailed below.

Early works component

66. All activities related to the planning phase (1(i)) and the design/tender phases (1(ii)) have been successfully completed.

67. The annex building construction (1(iv)) was completed on 31 August 2022 within budget, with a five-month slippage due predominantly to adverse weather conditions, vaccination access restrictions, supply chain delays for specialist equipment and some client changes related to locker room and warehouse configuration. The first phase of the refurbishing of the publishing services building (1(v)) was completed and handed over as planned on 15 May 2022, and all United Nations Office at Nairobi print shop operations were moved and restarted with minimal disruptions to printing operations. The second phase of the refurbishing is still ongoing and is scheduled to be completed on 31 December 2022. There was a three-month slippage related to the adverse impact of the pandemic on the supply chain, which led to late deliveries of key ICT infrastructure and equipment (including the free cooling system, power distribution units and the uninterruptible power supply for the data centre).

Flexible workplace strategies component

68. All activities related to the planning phase (2(i)) and the design phase (2(ii)) have been successfully completed. The tender phase (2(iii)) experienced a three-month slippage but further delay has been mitigated by tendering for all remaining blocks as a single package and, moving forward, three blocks will be renovated at a

time. The implementation of lessons learned from the completed pilot phase (2(iv)) continued, even though the actual number of staff on the complex remained low (between 20 and 30 per cent) for most of 2022.

69. Local and global shortages of key building products such as electrical and mechanical fittings, the restricted movement of goods and supply chain challenges led to a three-month slippage on the construction works on the renovation of office blocks P and Q (2(vi)) to 30 September 2022. Other containment measures such as social distancing and adequate environmental workspaces imposed to limit the spread of the COVID-19 pandemic meant that the temporary spaces for the staff who were to vacate blocks P and Q needed to be reconfigured to provide a safe environment, including the provision of more outdoor working areas. This additional work and other negotiations with the tenant also led to slippages in vacating office blocks P and Q. The revised proposal to procure all imported items in advance will mitigate such delays on subsequent blocks. To further mitigate slippages, the contractor was instructed to accelerate works wherever possible. To mitigate the overall slippage to the project, the refurbishment of the balance of the office blocks has been tendered as a single package.

70. The next phase of flexible workplace implementation (2(vii)) will focus on construction works packages for blocks T, U and X, M and N, and S, R and W, with works on site for blocks T, U and X scheduled to start in the fourth quarter of 2022. This will be followed by the headquarters buildings occupied by the United Nations Environment Programme (UNEP) and the United Nations Human Settlements Programme (UN-Habitat).

New building component

71. The planning phase (3(i)) was successfully completed. The design phase (3(iii)) was successfully initiated in September 2021 with expected completion by 31 October 2022, representing a slippage of three months. This additional time has been well spent, and has contributed to the quality of the design by allowing additional time for detailed in-person workshops with key stakeholders during and at the end of each design stage. This extra time has helped to ensure that complex issues, such as the positioning of the buildings (given the challenging gradient), links to services and infrastructure (including storm water drainage and septic tanks), accessibility across the site and the integration of indoor and outdoor working environments, have been solved in the most optimal manner, and will save time during construction. The procurement phase for the new building construction (3(iv)) is now scheduled to start in November 2022 and to be completed by 28 February 2023, representing a slippage of two months. This will have no impact on the completion of the building by the end of 2024, as best practice from the prior major office construction at Nairobi in 2009–2010, which was larger, was completed in 18 months. The current approved project schedule allows for 22 months for the construction of the new building component (1 March 2023 to 31 December 2024), so there is no impact on the overall project schedule.

72. The United Nations Office at Nairobi has also already established a horizontal engineering contract, which may be used to initiate earthworks (including storm water drainage, trenches and road and septic tank preparation) prior to the start of the main construction contract. This would reduce the two-month slippage indicated above.

73. The updated project schedule reflects refinements in the implementation of the early works, the implementation of flexible workplace strategies and in the new building components. The major upcoming activities through project completion are as follows:

(a) **Early works.** Annex building completed 31 August 2022 and publishing services building scheduled for completion 31 December 2022, which will be a major milestone, as this will represent the successful completion of the entire early works component;

(b) **Flexible workplace strategies.** Completion of the extended pilot refurbishment works in blocks P and Q by the end of September 2022; appointment of the professional construction firm to implement the refurbishment contracts for the remaining blocks T, U and X, M and N, and S, R and W, to be implemented as phased works packages; award of contract for the pilot furniture works package for blocks P and Q; advancement and implementation of interim workplace and restacking pilots for both headquarters entities (UNEP and UN-Habitat) is anticipated to also support acceleration of these works packages, and completion of the overall flexible workplace implementation component by the end 2024;

(c) **New building.** Design to be completed by 31 October 2022; tender scheduled from 1 November 2022 to 28 February 2023 with a contract for construction to be awarded by 1 March 2023 and a completion date of 31 December 2024 (22 months).

VI. Project expenditure and anticipated costs

A. Status of expenditure and projected expenditure up to the end of 2022

74. By its resolutions [72/262 A](#), [73/279 A](#), [74/263](#), [75/253 A](#) and [76/246 A](#), the General Assembly appropriated a total amount of \$36,879,200 for the project for the period 2018–2022, comprising: (a) \$3,955,200 under section 29G, United Nations Office at Nairobi; (b) \$32,563,600 under section 33, Construction, alteration, improvement and major maintenance; and (c) \$360,400 under section 34, Safety and security, of the programme budget for the reporting period 2018–2022.

75. The cumulative expenditure as at 30 June 2022 was \$19,920,400 (see also annex II) and the projected expenditure for the remainder of 2022 amounts to \$5,502,300, as detailed in table 5.

Table 5
Status of expenditure as at 30 June 2022 and projection for the remainder of 2022

(Thousands of United States dollars)

	<i>Appropriation for 2018–2022</i>	<i>Cumulative expenditure as at 30 June 2022</i>	<i>Projected expenditure from 1 July to 31 December 2022</i>	<i>Total projected expenditure from 2018–2022</i>	<i>Projected unused balance at the end of 2022</i>
	(a)	(b)	(c)	(d)=(b)+(c)	(e)=(a)-(d)
Section 33, Construction, alteration, improvement and major maintenance					
1. Construction costs	20 914.5	12 486.7	3 972.7	16 459.4	4 455.1
2. Professional services	5 035.3	3 973.7	745.1	4 718.8	316.5
3. Escalation	3 343.3	–	–	–	3 343.3
4. Contingency	3 270.5	–	–	–	3 270.5
Subtotal, section 33	32 563.6	16 460.4	4 717.8	21 178.2	11 385.4

	<i>Appropriation for 2018–2022</i>	<i>Cumulative expenditure as at 30 June 2022</i>	<i>Projected expenditure from 1 July to 31 December 2022</i>	<i>Total projected expenditure from 2018–2022</i>	<i>Projected unused balance at the end of 2022</i>
	<i>(a)</i>	<i>(b)</i>	<i>(c)</i>	<i>(d)=(b)+(c)</i>	<i>(e)=(a)-(d)</i>
Section 29G, United Nations Office at Nairobi					
5. Project management	3 955.2	3 320.1	610.2	3 930.3	24.9
Subtotal, section 29G	3 955.2	3 320.1	610.2	3 930.3	24.9
Section 34, Safety and security					
6. Security requirements (security guards)	360.4	139.9	174.3	314.2	46.2
Subtotal, section 34	360.4	139.9	174.3	314.2	46.2
Total	36 879.2	19 920.4	5 502.3	25 422.7	11 456.5

76. An amount of \$610,200 is projected to be spent under section 29G, United Nations Office at Nairobi, in the remainder of 2022, comprising the cost of the above-mentioned project management team positions, inclusive of the contracted specialist consultancy services to support the project team with expert knowledge in the areas of ICT and security and safety, as well as the dedicated coordinator position at Headquarters.

77. An amount of \$4,717,800 is projected to be spent under section 33, Construction, alteration, improvement and major maintenance, in the remainder of 2022, comprising \$3,972,700 for construction services and \$745,100 for professional services.

78. An amount of \$174,300 is projected to be spent under section 34, Safety and Security, in the remainder of 2022, related to physical security and safety oversight of both the early works and the flexible workplace pilot project construction works.

79. As shown in table 5, a balance of \$11,456,500 is projected to remain unused at the end of 2022, mainly owing to the rollover of unused escalation and contingency provisions. The escalation provision will likely be utilized in 2023 when all remaining major contracts, including for the new build construction, are issued, and the contingency will still be required until the final completion of the project to cover any unexpected additional costs (see also annex III).

80. The projected overall cost plan for the project remains unchanged, although there has been a redistribution of costs between 2022 and 2025 to reflect the revised construction schedule and related expenditure for the flexible workplace component. This revised cost plan is included as annex I to the present report.

B. Resource requirements for 2023

81. The resource requirements for 2023 are shown in table 6. The total projected expenditure for 2023 amounts to \$24,652,700, comprising:

(a) \$1,239,700 under section 29G, United Nations Office at Nairobi, for the cost of the project management team (1 P-5, 1 P-4, 2 P-3, 2 National Officer and 2 Local level) as described in section III.B above, and 75 per cent of the cost of the Project Coordinator (P-3) position based in the Global Asset Management Policy Service at Headquarters, for eight months (May to December 2023), shared with the project for the renovation of the North Building at the Economic Commission for Latin America and the Caribbean, which will cover the remaining 25 per cent of the cost;

(b) \$23,133,500 under section 33, Construction, alteration, improvement and major maintenance, which includes: (i) construction costs (\$12,078,500); (ii) professional services related to the design and construction management services (\$348,600); (iii) escalation provision (\$6,953,100); and (iv) contingency provision (\$3,753,300);

(c) \$279,500 under section 34, Safety and security, to provide for security guards deployed during the construction phase of the project and for the Security and Safety Officer.

Table 6
Resource requirements for 2023

(Thousands of United States dollars)

	<i>Projected expenditure in 2023</i>	<i>Projected unused balance at the end of 2022</i>	<i>Net funding in 2023</i>
	<i>(a)</i>	<i>(b)</i>	<i>(c)=(a)-(b)</i>
Section 33, Construction, alteration, improvement and major maintenance			
1. Construction costs	12 078.5	4 455.1	7 623.4
2. Professional services	348.6	316.5	32.1
3. Escalation	6 953.1	3 343.3	3 609.8
4. Contingency	3 753.3	3 270.5	482.8
Subtotal, section 33	23 133.5	11 385.4	11 748.1
Section 29G, United Nations Office at Nairobi			
5. Project management	1 239.7	24.9	1 214.8
Subtotal, section 29G	1 239.7	24.9	1 214.8
Section 34, Safety and security			
6. Security requirements (security guards)	279.5	46.2	233.3
Subtotal, section 34	279.5	46.2	233.3
Total	24 652.7	11 456.5	13 196.2

82. Because, by its resolution [74/263](#), the General Assembly decided to continue to use the multi-year construction-in-progress account for the project, the projected unused balance of \$11,456,500 at the end of 2022 will be carried forward to fund part of the resource requirements of \$24,652,700 in 2023. Consequently, the net resource requirements to be appropriated for 2023 amount to \$13,196,200, comprising: (a) \$1,214,800 under section 29G, United Nations Office at Nairobi; (b) \$11,748,100 under section 33, Construction, alteration, improvement and major maintenance; and (c) \$233,300 under section 34, Safety and security.

VII. Next steps

83. Upon approval of required resources in 2023 by the General Assembly, the following activities will be undertaken:

(a) Closing out of the early works component and use of the early works products as temporary swing space during the flexible workplace implementation until substantial project completion in December 2024;

(b) Completion of the flexible workplace strategies component in the remaining blocks T, U and X, followed by the next three buildings, M and N and S, by 31 December 2023, taking into consideration the lessons learned from the design, bid and construction processes implemented for the extended pilots in blocks P and Q, as well as the vital post occupancy user feedback gathered from Block V tenants;

(c) Completion of the design development for the flexible workplace strategies component related to buildings occupied by UNEP and UN-Habitat by 30 June 2023, including interior refurbishment works packages that enable the solicitation of the services of a professional construction firm;

(d) Solicitation of the furniture works package for the remainder of the Gigiri complex by 30 June 2023, taking into consideration the lessons learned from the furniture works contract established for blocks P and Q, including call-off provisions for modular office systems and custom-made local furniture for the new flexible office, common collaboration and outdoor meeting spaces;

(e) Development of the new building construction works packages and solicitation of the related services for the implementation of the new building component by 28 February 2023, leading to the award of a construction contract for the new building component by 1 March 2023;

(f) Development of user guidelines for the new flexible office and common collaboration spaces across the Gigiri complex by the end of 2024, and a related review of existing rental billing methodologies;

(g) Continued coordination with the host country regarding arrangements to expedite and support the project through, among other things, duty exemptions covering project contracts, construction materials, equipment and furniture;

(h) Continued coordination with the project owner, the project executive, the delegated executive and other organizational stakeholders related to the current project risk exposure to support their decision-making through independent risk management services provided by the Global Asset Management Policy Service, including the preparation of two progress reports each year and an annual quantitative risk assessment through a Monte Carlo simulation.

VIII. Recommended actions to be taken by the General Assembly

84. The General Assembly is requested to:

(a) **Take note of the report of the Secretary-General;**

(b) **Approve the reassignment of a position of Engineer (National Officer) to a position of Administrative Officer (National Officer) under section 29G, United Nations Office at Nairobi;**

(c) **Approve the continuation of a position of Safety and Security Project Officer (P-3) from January 2023 until project completion under section 29G, United Nations Office at Nairobi;**

(d) **Appropriate an amount of \$13,196,200, comprising: (i) \$1,214,800 under section 29G, United Nations Office at Nairobi; (ii) \$11,748,100 under section 33, Construction, alteration, improvement and major maintenance; and (iii) \$233,300 under section 34, Safety and security, of the proposed programme budget for the year 2023, which would represent a charge against the contingency fund.**

Annex I**Updated project cost plan**

(Thousands of United States dollars)

	2018	2019	2020	2021	2022	2023	2024	2025	Total
Section 33, Construction, alteration, improvement and major maintenance									
1. Construction costs									
1.1 Early works/repurposed publishing building	–	–	1 289.7	7 785.3	1 456.3	–	–	–	10 531.3
1.2 Flexible workspace	–	9.0	1 608.2	174.2	4 136.8	3 942.4	2 475.6	–	12 346.2
1.3 New office building	–	–	–	–	–	8 136.2	8 136.2	1 808.0	18 080.4
1.4 Swing space (preparation, furnishing, configuration)	–	–	–	–	–	–	–	–	–
2. Professional services	–	–	–	–	–	–	–	–	–
2.1 Early works/repurpose publishing building design works	27.6	577.4	–	294.8	364.4	–	–	–	1 264.2
2.2 Flexible workspace design works	18.9	91.8	1 353.0	–	361.2	–	–	–	1 824.9
2.3 New office building design works	–	–	–	–	1 483.9	324.1	–	–	1 808.0
2.4 Risk management	36.4	12.7	21.7	14.5	14.5	14.5	14.5	–	128.8
2.5 Other services (furniture, information technology, licences, third-party reviews)	2.4	13.5	2.8	9.3	17.9	10.0	5.1	–	61.0
3. Escalation (7 per cent)	–	–	–	–	–	6 953.1	–	–	6 953.1
4. Contingency (10 per cent)	–	–	–	–	–	3 753.3	1 608.6	–	5 361.9
Subtotal, section 33	85.3	704.4	4 275.4	8 278.1	7 835.0	23 133.6	12 240.0	1 808.0	58 359.8
Section 29G, United Nations Office at Nairobi									
5. Project management									
5.1 Dedicated project management and support team	55.2	589.6	935.6	1 035.3	1 044.5	1 134.6	1 161.8	578.9	6 535.5
5.2 Dedicated coordinator at Headquarters	–	–	–	100.5	103.5	95.1	104.9	–	404.0
5.3 Travel of project management team	15.9	28.9	7.8	–	13.6	10.0	10.0	1.5	87.7
Subtotal, section 29G	71.1	618.5	943.4	1 135.8	1 161.6	1 239.7	1 276.7	580.4	7 027.2
Section 34, Safety and security									
6. Security requirements (security guards)	–	–	–	55.3	258.8	279.5	279.5	–	873.1
Subtotal, section 34	–	–	–	55.3	258.8	279.5	279.5	–	873.1
Total	156.4	1 322.9	5 218.8	9 469.2	9 255.4	24 652.8	13 796.2	2 388.4	66 260.1

Annex II

A. Monthly project expenditure as at 30 June 2022

(Thousands of United States dollars)

	<i>Jan.</i>	<i>Feb.</i>	<i>Mar.</i>	<i>Apr.</i>	<i>May</i>	<i>June</i>	<i>July</i>	<i>Aug.</i>	<i>Sept.</i>	<i>Oct.</i>	<i>Nov.</i>	<i>Dec.</i>	<i>Category total</i>	<i>Annual total</i>	<i>Total expenditure 2018 to June 2022</i>
2018															
Construction costs (section 33)	-	-	-	-	-	-	-	-	-	-	-	-	-		
Professional services (section 33)	-	-	-	-	-	18.9	-	-	11.1	18.9	36.4	99.9	185.2	156.3	
Project management (section 29G)	-	-	-	-	-	10.6	56.9	-	-	1.3	1.1	(98.8)	(28.9)		
Security requirements (section 34)	-	-	-	-	-	-	-	-	-	-	-	-	-		
2019															
Construction costs (section 33)	-	-	-	-	-	-	-	-	-	-	-	9.0	9.0		
Professional services (section 33)	-	-	-	18.9	25.0	66.3	825.8	5.4	21.1	0.0	37.8	21.9	1 022.2	1 323.1	
Project management (section 29G)	-	-	7.8	18.9	39.9	(17.4)	(72.6)	48.4	95.2	51.3	66.6	53.8	291.9		19 920.1
Security requirements (section 34)	-	-	-	-	-	-	-	-	-	-	-	-	-		
2020															
Construction costs (section 33)	-	-	1 713.3	(57.0)	60.9	46.4	18.2	49.6	16.7	(11.6)	19.6	1 041.7	2 897.8		
Professional services (section 33)	-	-	1 406.3	19.0	26.1	(46.6)	(41.4)	7.2	-	-	(0.6)	7.2	1 377.2	5 218.4	
Project management (section 29G)	53.9	69.5	51.2	54.4	54.7	102.9	99.1	150.1	80.9	75.3	61.4	90.0	943.4		
Security requirements (section 34)	-	-	-	-	-	-	-	-	-	-	-	-	-		

		<i>Jan.</i>	<i>Feb.</i>	<i>Mar.</i>	<i>Apr.</i>	<i>May</i>	<i>June</i>	<i>July</i>	<i>Aug.</i>	<i>Sept.</i>	<i>Oct.</i>	<i>Nov.</i>	<i>Dec.</i>	<i>Category total</i>	<i>Annual total</i>	<i>Total expenditure 2018 to June 2022</i>
2021	Construction costs (section 33)	116.4	(0.6)	(0.6)	7.1	3 597.2	(1.0)	6.4	4 070.6	0.9	(0.3)	97.8	65.6	7 959.5	9 469.2	
	Professional services (section 33)	–	–	–	7.2	–	–	–	–	9.3	(1.2)	294.8	8.5	318.6		
	Project management (section 29G)	181.8	43.3	58.7	58.2	58.8	157.8	71.0	107.5	134.6	89.0	89.4	85.7	1 135.8		
	Security requirements (section 34)	–	–	–	–	–	–	18.5	3.3	3.3	3.2	3.2	23.8	55.3		
2022	Construction costs (section 33)	0.3	(3.8)	(9.6)	2 125.0	(2 108.5)	1 616.9	–	–	–	–	–	–	1 620.3	3 753.1	
	Professional services (section 33)	–	–	1 483.9	–	13.2	(0.2)	–	–	–	–	–	–	1 496.9		
	Project management (section 29G)	76.4	82.2	104.6	78.9	86.5	122.7	–	–	–	–	–	–	551.3		
	Security requirements (section 34)	25.5	6.8	6.8	32.0	6.7	6.8	–	–	–	–	–	–	84.6		

B. Total project expenditure by category as at 30 June 2022

<i>Category</i>	<i>Expenditure (thousands of United States dollars)</i>
Construction costs (section 33)	12 486.6
Professional services (section 33)	4 400.1
Project management (section 29G)	2 893.5
Security requirements (section 34)	139.9
Total	19 920.1

Annex III

Use of the contingency provision (spent and earmarked)

(Thousands of United States dollars)

	<i>Fourth progress report of the Secretary-General (A/76/330)</i>	<i>Fifth progress report of the Secretary-General (A/77/349)</i>	<i>Total</i>
Approved escalation provision			6 953.10
Drawdowns			
1. Construction cost variations	–	–	–
Subtotal, escalation drawdowns	–	–	–
Total available escalation balance	–	–	6 953.10
Approved contingency provision			5 387.9
Drawdowns			
1. Construction cost variations	–	–	–
2. Professional services variations (risk management)	–	(25.9)	(25.9)
3. Project management variations	–	–	–
4. Security variations	–	–	–
Subtotal, contingency drawdowns	–	–	(25.9)
Total available contingency balance	–	–	5 362.0