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Proposed programme budget for 2023

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

Fourteenth report of the Advisory Committee on Administrative and Budgetary Questions on the proposed programme budget for 2023

I. Introduction

1. The Advisory Committee on Administrative and Budgetary Questions has considered the ninth annual progress report of the Secretary-General on the strategic heritage plan of the United Nations Office at Geneva ([A/77/492](#)). During its consideration of the report, the Committee received additional information and clarification, concluding with written responses dated 2 November 2022.

2. The report of the Secretary-General is submitted pursuant to section XVIII of General Assembly resolution [76/246](#). It contains a summary of the planning and construction-related actions accomplished between 1 September 2021 and 31 August 2022. The financial information contained therein is based on the available data as at 31 July 2022 (*ibid.*, paras. 1 and 2).

II. Project governance

3. The Board of Auditors audited remotely and conducted audit visits to the United Nations Office at Geneva from 1 to 19 November 2021 and from 10 to 28 January 2022 ([A/77/492](#), para. 12). Out of the 43 recommendations previously made, 39 (91 per cent) have been implemented and 4 (9 per cent) are under implementation ([A/77/94](#), paras. 5 and 53). Upon enquiry, the Advisory Committee was informed that two of the previous recommendations, regarding the calculation of rental income and the charging of the cost of security and maintenance to all users of the buildings, could not be implemented until the end of the project. The other two recommendations were under implementation by Central Support Services at the Office. The Committee was also informed that the Board, in its latest report ([A/77/94](#)), had made 24 observations, which the strategic heritage plan team was currently working to address.



4. In its latest report, the Board of Auditors makes a number of recommendations relating to accessibility in building H, including with regard to inadequate implementation, the need to examine the contractor's invoices to determine whether the contractor was overpaid and the elimination, as soon as possible, of the physical and technical barriers faced by persons with disabilities (*ibid.*, paras. 150–152, 161, 162, 180 and 186). In paragraphs 41 to 44 of his report ([A/77/492](#)), the Secretary-General describes actions taken to improve accessibility. Upon enquiry, the Advisory Committee was informed of the assessment made by the strategic heritage plan team that the accessibility-related issues in building H pertained to some instances in which competing requirements of the fire and life safety codes and of accessibility had not been adequately resolved, resulting in the accessibility features not being fully incorporated. Corrective action was ongoing, and additional quality control personnel had been hired to reduce the likelihood of such instances occurring in the future. The disability inclusion working group would conduct an accessibility review and an audit of each of the historic building sections as the contractor finished, in order to raise any issues that need to be corrected before the buildings are handed over and the punch list for building H is considered to be completed. The P-4 architect position that had recently added to the strategic heritage plan team would also provide additional oversight for future technical designs. The aim was to address the recommendations of the working group and the observations of the Board of Auditors by mid-2023. The Committee was also informed that the design firm was responsible for exercising supervision and performing ongoing verifications and reporting on the construction progress, including the compliance of the works with the approved design specifications per the contract. Upon substantial completion, the design firm was responsible for the validation of the design component, whereas the contractor was responsible for its execution.

5. In its report, the Board of Auditors also makes recommendations on the execution of variations that are not subject to a prior agreement with the contractor ([A/77/94](#), para. 196). Upon enquiry, the Advisory Committee was informed that the contractor was not authorized to proceed, except at the contractor's own risk, with any works relating to the variation, including ordering "long lead time" materials. As a result, the project had been delayed, and extensions of time were due to the contractor. The Committee was further informed that the risk of litigation arising from disagreement on the value of a variation was considered low. The contract contained mechanisms for the United Nations to determine the value of a variation in cases where agreement could not be reached on the value of the work, and the vendor might contest such a determination under the contract. The contract also provided options for calling upon independent experts to assess the value of a variation in the case of a protracted dispute. The larger risk was that the overall process and the steps that must be taken before a determination could be made could extend the duration of the work, especially when the variation amount in dispute was relatively low and the financial exposure relating to the variation was well known and controlled.

6. **The Advisory Committee trusts that the recommendations of the Board will be implemented fully and expeditiously and that an update will be provided in the next progress report.**

III. Progress of the project

A. Status of activities

7. In paragraph 25 of his report, the Secretary-General describes the progress made on the project, including the following key milestones:

(a) Substantial completion of the new permanent H building was achieved on 4 October 2021, and it was officially inaugurated on 1 November. The contract for the building has now entered the two-year defects liability period, and close-out activities are under way for the remaining minor punch list items;

(b) Substantial progress on the renovation of the 1930s and 1950s historic buildings continued, with the start of the commissioning activities related to building AC commencing in June 2022 and final finishing works ongoing in buildings D and S1. The works in sections A and AB continue to progress, with the Pas Perdus areas on each side of the main Assembly Hall now modified to reflect the original design from the 1930s and finishing works under way. The historical building conference rooms XI, XII and XVI are being completely renovated, with the construction of the new interpreters' booths nearing completion. Building C renovation works, which commenced in October 2021, have continued to progress, with the demolition and strip-out of the areas necessary to expand the Press Bar and create the new UNTV studio, to be followed by the mechanical, electrical and plumbing works;

(c) Implementation of the latest audiovisual over Internet protocol technologies to apply current industry standards for equipment and functionalities for the conference rooms in historical buildings A, AB and AC. These buildings, together with the temporary conference building, which has been reconfigured into one large 600-seat conference room, will support any future business continuity demands arising from the need for conference participants to remotely connect to and participate in multilingual conferences, utilizing predominantly computer-based audiovisual devices and software, while building E is closed for renovations from early 2023 onward;

(d) The successful finalization of the procurement of the 1970s building E (contract 3), which is planned for September 2022. This will be the final major procurement, after which the project team will focus exclusively on the contract management and delivery stages of the works.

8. Upon enquiry, the Advisory Committee was informed that the modified temporary conference room had reopened on 1 September. In building E, the closure of the large conference rooms had been planned for February 2023. However, owing to the ongoing disruptions and challenges, an assessment was under way as to the consequences and the impact on the project schedule. It was expected that the contract for the renovation of building E would be signed in the near future, at which point the pre-construction services would begin. Once the contract was signed, more definitive planning on the closure of building E would be possible. In any case, building E would not be closed before sufficient conference rooms in the historic Palais were available for use. The Committee was also informed that it was not possible to provide concrete figures as to the projected future utilization of conference rooms.

9. The Advisory Committee welcomes the progress made, including on the renovation of the 1930s and 1950s historic buildings and the implementation of the latest technologies to facilitate remote participation in multilingual conferences, and trusts that the Secretary-General will provide an update to the General Assembly, including on the finalization of the contract for building E, at the time of the consideration of the present report and in the next progress report.

10. In paragraphs 26 to 28 of his report, the Secretary-General indicates that the combination of the coronavirus disease (COVID-19) pandemic, the global market and geopolitical instability has disrupted supply chains and had an impact on both the availability and cost of critical materials, resulting in delayed deliveries of many items. A drop in productivity due to significant numbers of COVID-19 cases has amounted to a delay of approximately one month for all the sections under renovation.

Additional costs are being assessed by the renovation contractor, but thus far, the costs are largely fixed in the contract and therefore at the contractor's risk. Costs attributable to delays in the receipt of materials and components relating to variations, such as those related to the technology upgrades to the conference rooms, continue to be incurred and are being managed within the current contingency levels. In the light of the additional strategic heritage plan project and design team costs arising from the further schedule extensions, the as-yet-unknown cost that will be established during the pre-construction services for building E, and delays encountered in the renovation works, the possibility remains that the project may not achieve the full approved baseline scope within the approved budget. In response, the United Nations has conducted further value engineering and optimizations aimed at continuing to meet the approved project scope objectives for a lower cost. Projected cost estimates are 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.

11. Upon enquiry, the Advisory Committee was informed that the strategic heritage plan team was mitigating supply chain risk by working closely with the contractor to order necessary materials and supplies as early as possible, so as to mitigate price rises and delayed deliveries and to identify alternate supply sources. In addition, the strategic heritage plan project team had made all the necessary provisions for increased escalation of costs reflective of the level of increase observed in Switzerland, which had considerably replenished the amount of available contingency. United Nations Office at Geneva management was of the view that continued tight cost control and management, the regular and proactive review of risks and contingency, and increased managerial flexibility to implement the variation process in a timely manner should ensure that the project would be brought to a successful conclusion within the authorized project budget. **The Advisory Committee notes the possibility that the project may not achieve the full approved baseline scope within the approved budget and trusts that efforts will continue to be made to meet the approved project scope objectives and overall cost (see paras. 14 and 15).**

B. Project schedule

12. The latest project schedule is illustrated in figure XI and table 4 of the report. The schedule has been delayed by one month (see para. 10). The next key project milestones are as follows:

- (a) Continuation of renovation work for the 1930s and 1950s historic Palais buildings during 2022;
- (b) Completion of punch list items for the new H building during 2022;
- (c) Completion of the procurement process for the main contract for the phase 2.2 renovation of building E in the third 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 final half of 2022 and the first half of 2023, with the understanding that the closure of building E is contingent on the completion and return to full service of the renovated conference rooms;
- (e) Completion of the major subphases of the 1930s historic buildings (buildings A, D and S1) progressively by the end of 2022, and completion of the final subphases (buildings B, C and S2) progressively from 2023 to the first quarter of 2024;

(f) Completion of the renovation of building E in early 2025;

(g) Management of the warranty close-out 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 close-out activities reflecting the two-year warranty period associated with each of the main contracts ([A/77/492](#), para. 56). **The Advisory Committee notes the delay and the next steps in the project schedule, and trusts that every effort will be made to ensure the completion of the project within the approved timeline.**

C. Project risks

13. Table 1 of the report provides a comparison of the top five risks identified in three successive annual progress reports. The current top five risks are: (a) increase in cost due to agreement of the guaranteed maximum price of building E following the pre-construction services period; (b) delays and additional cost due to post-pandemic and conflict-induced supply chain shortages; (c) delays in agreeing variations to the point at which the contractor is obliged to comply with the instruction to vary the works; (d) design errors and omissions in bid price for building E and other contracted work; and (e) delay to building E due to discovery of changes or repairs to existing structures and/or mechanical and electrical services. Upon enquiry, the Advisory Committee was informed of the “three lines of defence” model that had been adopted by the risk management firm to mitigate risks, the first line being the project management team; the second being programme assurance, including independent risk management; and the third being independent oversight by the project Steering Committee, the Advisory Board and the Global Asset Management Policy Service, and the independent audit of the strategic heritage plan programme management and delivery by the Board of Auditors.

D. Project costs

14. Table 5 of the report shows the latest revised cost plan which 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. The updated cost estimate for the core costs of the project, namely the costs excluding contingencies, currently stands at SwF 761.4 million, which is SwF 38.5 million lower than forecast in the eighth annual progress report. This decrease is due to the implementation of value engineering items, cost control measures and the results of the building E tender, together with further cost-saving measures taken during the reporting period. Actual cumulative project expenditure for the period from 2014 to 31 July 2022 amounts to SwF 471.9 million, and projected expenditure for the remainder of 2022 is estimated at SwF 49.6 million ([A/77/492](#), paras. 62 to 64). **The Advisory Committee notes the lower updated cost estimate for the core costs of the project and encourages the Secretary-General to continue his efforts to monitor the costs of the project. The Committee trusts that the next progress report will provide an update on the project cost plan.**

15. **The Advisory Committee reiterates its recommendation that the General Assembly request the Secretary-General to continue to closely monitor and mitigate project risks and ensure the delivery of the project within the scope, budget and timeline approved by the Assembly (see [A/76/7/Add.15](#), para. 13).**

E. Other project aspects

Flexible workplace strategies and space efficiency

16. In his report, the Secretary-General indicates that he has proceeded with the full implementation of flexible workplace strategies in the new permanent building H, as mandated by the General Assembly. In the historic Palais buildings, the predominant office environment will continue to be maintained largely within the existing historical layout, composed mostly of individual offices, with the addition of a limited number of purpose-built hybrid offices that can be used flexibly. To date, more than 1,200 staff moves have taken place. Pandemic-related de-densification and physical distancing measures were lifted in May 2022. After staff currently accommodated in the building on a temporary basis return to the renovated sections of the Palais, space allocation for the next temporary moves into building H will further optimize the use of workspaces. The project will aim for an even more efficient use of the Building, which may include a higher flexible use ratio, where feasible (A/77/492, paras. 34 and 37). Upon enquiry, the Advisory Committee was informed that the return of staff to the renovated sections of the Palais was likely to commence at the beginning of 2023.

17. Of the maximum occupant capacity of 3,648, all spaces are planned to be allocated. The headcount of the Office of the United Nations High Commissioner for Human Rights (OHCHR) grew from 730 to 930, and two new entities (the United Nations Joint Staff Pension Fund and the Global Executive Leadership Initiative) joined building H in the second half of 2021. It is projected that, once the strategic heritage plan project is complete, the maximum overall allocated occupant capacity of the Palais compound will exceed the original forecast of 3,507 occupants. From January 2022, the Independent International Commission of Inquiry on the Occupied Palestinian Territory, including East Jerusalem, and Israel was accommodated at Dependence La Pelouse. 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. The United Nations Development Programme, the United Nations Environment Programme, the United Nations International Computing Centre, the United Nations Office for Project Services, the United Nations Entity for Gender Equality and the Empowerment of Women (UN-Women) and the World Food Programme continue to express interest in being accommodated within the Palais campus (ibid., paras. 39 and 40).

18. Upon enquiry, the Advisory Committee was informed that, in the short term, building H was being used as a swing space to accommodate moves during the renovation. In the long term, space in building H would be made available to accommodate OHCHR from the Palais Wilson and Motta buildings located outside the Palais des Nations. It was likely that OHCHR would move into building H in two phases, beginning in mid-2024 and following the completion of the strategic heritage plan works in 2025. The Committee was also informed that the allocation of space to specific entities on the United Nations Office at Geneva campus took into account the optimal final location to avoid splitting up entities across different spaces and ensure swing space utilization and business continuity. While consideration had been given to tenants' preferences to be located in the building where they had been historically located, it had not been possible in some instances. **The Advisory Committee trusts that updated information on flexible workplace strategies, including on space efficiency and accommodation, will be provided in the next progress report.**

Sustainability and reduction of energy consumption

19. The Secretary-General indicates in his report that one of the core objectives of the strategic heritage plan is to lower the energy consumption of the Palais by at least 25 per cent, compared with the 2010 baseline. The revised baseline objective reduction in energy consumption to be achieved under the strategic heritage plan is 11.5 per cent, compared with the 2015 revised baseline energy consumption level of 25 per cent (*ibid.*, para. 45). Upon enquiry, the Advisory Committee was informed that the 2010 and 2015 baselines were calculated using energy bills (electricity, natural gas, Lake Geneva network) from 2010 and 2015, normalized by degree-day methodology, which is a common practice allowing the comparison of energy consumption from one year to another according to climatic conditions. The Board of Auditors agreed with the methodology.

20. The Secretary-General notes in his report that, while energy consumption is being reduced, the cost of energy is rising. It is projected that targets can be achieved by delivering the renovation in accordance with the baseline design, mainly through the following initiatives:

(a) The environmental impact of the new permanent building H 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;

(b) The new permanent building H and the existing buildings of the Palais, following completion of the design stage, have been granted a provisional certificate by Minergie, a Swiss environmental certification programme for low-energy-consuming buildings;

(c) The upgrading of the building E energy centre connected to the Lake Geneva network, a 100 per cent renewable thermal solution that uses the temperature of the lake water to cool and heat buildings throughout the campus (*ibid.*, paras. 45 and 46).

21. The Advisory Committee notes the revised objective in reduction of energy consumption of 11.5 per cent compared with the initial target of 25 per cent, and encourages the Secretary-General to continue his efforts to ensure lower energy consumption in view of the potential rise in energy costs. The Committee trusts that updated information on sustainability and the reduction of energy consumption will be included in the next progress report.

Information and communications technology, audiovisual, broadcast and congress systems

22. The Secretary-General indicates in his report that coordination efforts continued with the United Nations Office at Geneva Information and Communications Technology Service to ensure business continuity for the information technology network on the campus during renovations, as well as to ensure that the installations of technical equipment in its final configuration will proceed as planned. Additional network redundancy was included as part of the new installations. The capacity to perform regular upgrades in a modular fashion was also achieved, including during regular working hours. Capacity and security enhancements are envisaged for the information and communications technology network and conference room equipment, the processing of video and audio transmissions over the standard Internet protocol and the optimization of support operations from a control centre. The design of the broadcast and congress systems continued to be updated as planned, in collaboration with the renovation contractor, to implement a renovated UNTV studio that will support the significantly increased demand for webcasts (*ibid.*, paras. 47 to 49).

23. Upon enquiry, the Advisory Committee was informed that, following the COVID-19 pandemic and its impact on in-person meetings, the United Nations Office at Geneva had begun to progressively adapt the technical support infrastructure of its conference rooms to allow for remote simultaneous interpretation and hybrid meetings. A variation to the original scope of works had been agreed for the historic building conference rooms that were currently being renovated under the strategic heritage plan to ensure that remote simultaneous interpretation and hybrid meetings would be possible in those rooms once renovated. The project team estimated the value of the change at approximately SwF 1 million for the renovation of the historic buildings and SwF 0.8 million for the building E renovation, to be covered within the overall maximum cost of the project.

24. **The Advisory Committee trusts that more detailed information on the installation and related costs of technologies for remote simultaneous interpretation and hybrid meetings, as well as lessons learned from the pandemic, will be provided to the General Assembly at the time of its consideration of the present report, and included in the next progress report.** The Committee makes further related observations in its report on the pattern of conferences ([A/76/506](#)).

IV. Financing

Host country loan

25. The full amount of SwF 125.1 million from the host country's interest-free loan has been expended for the new H building. As that new building has now been occupied since May 2021, the 50-year loan repayment for the loan portion began in December 2021. The repayment of the renovation portion of the loan is estimated to start at the end of December 2025, in the year of the planned completion of the renovation works to building E. Loan repayments have been included in the proposed programme budget for 2022 and 2023 under section 33, Construction, alteration, improvement and major maintenance (*ibid.*, paras. 68 to 70). **The Advisory Committee reiterates its appreciation to the Government of Switzerland for its continued support to the strategic heritage plan since its inception.**

Member State donations

26. Upon enquiry, the Advisory Committee was provided with information regarding committed and potential donations or other contributions to the strategic heritage plan project as of October 2022, including from China, Germany, Monaco, the Republic of Moldova, Montenegro and Andorra, as well as works on rooms executed outside the strategic heritage plan project that were funded by Member States, including Kazakhstan, Morocco, Qatar, the Russian Federation and the United Arab Emirates. **The Advisory Committee expresses its appreciation for the additional contributions of Member States, and encourages the Secretary-General to explore similar options for other construction projects.**

Contingency management

27. The Secretary-General indicates in his report that contingency management for the project continues to be based on the risk-based contingency forecasts provided by the independent risk management firm. 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 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. Currently, an amount of SwF 75.1 million is needed as contingency to deliver the project within budget, which currently represents a confidence level of 53 per cent. Contingency budgets of SwF 75 million and SwF 82.5 million would be needed to meet the confidence level targets at 50 per cent and 80 per cent, respectively, which the Board of Auditors recommended to be tracked. A confidence level of 80 per cent is also the organizational target for global construction projects. Thus, the amount of SwF 82.5 million (P80 value), which would be the required contingency amount to meet the organizational target, currently exceeds the approved project costs by SwF 7.4 million (*ibid.*, paras. 71 to 73).

28. The mitigation strategy prior to the outbreak of the COVID-19 pandemic 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. In addition, the guaranteed maximum price contract for the renovation and building E contracts include 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. It should be noted that variations to the contract will still increase the agreed level of the guaranteed maximum price (*ibid.*, paras. 74 and 75). Upon enquiry, the Advisory Committee was informed that contractor claims for time extensions might also increase the price of the overall contract, if accepted by the employer.

29. In total, SwF 7.8 million of contingency was used in the reporting period, primarily in respect of variations related to the renovation of the historic Palais as a result of developments on site (SwF 4.4 million); variations related to building H as a result of developments on site as this part of the project comes to a conclusion (SwF 1.3 million); the reconfiguration of the temporary conference building (SwF 0.2 million); additional design costs (SwF 1.8 million); and other smaller changes amounting to SwF 0.2 million. The forecast of the final project core costs (including escalation) increased from the 2015 approved project baseline of SwF 738.6 million to SwF 758.4 million. The final forecast core costs decreased by SwF 38.5 million as compared with the forecast contained in the previous annual report. Of the contingency amount included in the estimated project cost, the total committed and used to date amounts to SwF 47.5 million, representing the sum of SwF 7.8 million for 2022 and the total of SwF 39.7 million reported for the years 2016 up to and including 2021 (*ibid.*, para. 79).

30. Upon enquiry, the Advisory Committee was informed that, since the writing of the report of the Secretary-General, the contingency had been used mainly for Palais building renovation changes that were mostly related to the refurbishment of the United Nations Office at Geneva energy centre to achieve compliance with local energy savings regulations and modifications on the cooling loop infrastructure of buildings A and D. The table below provides a breakdown:

Table

Usage of the contingency since the writing of the report of the Secretary-General

(Thousands of Swiss Francs)

Palais des Nations building renovation changes	2 787
Other operational changes	30
Total	2 817

Scheme and currency of appropriation and assessment

31. In its resolution [76/246](#), the General Assembly decided to revert to the establishment of an assessment scheme and currency of appropriation and assessment and establishment of the multi-year special account for the strategic heritage plan at the main part of its seventy-seventh session. Information on these issues is provided in paragraphs 81 to 88 of the report of the Secretary-General.

32. Upon enquiry, the Advisory Committee was informed of the pros and cons of choosing the Swiss franc as the currency of assessment. An appropriation and assessment in Swiss francs would minimize currency-risk exposure resulting from differing currency denominations between the incoming funds from Member State contributions and the outgoing funds of the project disbursements, which were predominantly in Swiss francs. However, although the risks related to negative interest rates were expected to decrease over the next year owing to the current economic climate of high interest rates, and although those risks had been managed and mitigated so far, the amounts assessed and contributed in Swiss francs, to the extent that resulting balances would exceed certain thresholds, might be subject to any negative interest rates. Lastly, it should be noted that the current processes and systems in use within the Organization for the issuance of assessment and for the related accounting and reporting on the status of contributions had, to date, been based on the currency stipulated in regulation 3.10 of the Financial Regulations and Rules of the United Nations; consequently, they had not been adapted to address contributions assessed and received in currencies other than the United States dollar. Should assessment be in Swiss francs, ad hoc arrangements (such as a separate spreadsheet or database solutions) would have to be established for the issuance of and reporting on the assessment. The final amount to be appropriated by Member States in dollars would be recosted based on the Swiss franc to dollar exchange rate that would be approved for 2023. Should Member States decide on an appropriation and assessment in Swiss francs, an advance currency purchase of Swiss francs would not be needed. With regard to appropriation and assessment in dollars, the Secretariat had, since inception of the project, and as authorized by the General Assembly in its resolution [67/246](#), purchased Swiss franc forward contracts at the budgeted exchange rate in order to mitigate exchange rate risks. The Secretariat intended to continue to do so should the Assembly decide to continue appropriating and assessing in dollars for the project.

33. **The Advisory Committee reiterates its view that these are policy matters to be decided upon by the General Assembly** ([A/76/7/Add.15](#), para. 31; [A/75/7/Add.12](#), para. 27; [A/74/7/Add.13](#), para. 23; [A/73/576](#), para. 35; and [A/72/7/Add.25](#), para. 27).

V. Other matters

A. Valorization of United Nations-owned land in Geneva

34. The Secretary-General, in his report, indicates that the Fondation pour la Cité de la musique de Genève formally notified the United Nations Office at Geneva in late December 2021 of its cancellation of the 90-year lease agreement, meaning that no further lease income will be received in 2022 and the land and villa will remain in the use of the Organization ([A/77/492](#), para. 93). Upon enquiry, the Advisory Committee was informed that the lease was for the total amount of SwF 25.6 million, and that two annual payments of SwF 284,444 (a total of SwF 568,888) had been received in 2020 and 2021. Pursuant to the relevant decision of the General Assembly,

the payments had been recorded as income under income section 2 of the programme budget in the relevant years.

35. In paragraph 94 of the report, the Secretary-General indicates that the United Nations Office at Geneva also owns one of the plots of land identified for valorization, which has been rented to the International School of Geneva. The lessor has given notice and thus the land will be ready for occupation as of 1 September 2023. Upon enquiry, the Advisory Committee was informed that, faced with the increasing rent of their current site, together with a drop in demand for early years admissions, the school had decided that it was more cost-effective to construct an extension to their current Saconnex site nearby, thus consolidating their early year, primary and secondary schools together onto their Nations campus. The Committee was further informed that, on 1 September 2022, the Office had published a request for information on potential tenants, with a closing date of 30 September. The Office had received seven responses and was in the process of reviewing them. If valorization was not undertaken, the building and the land could be repurposed to address long-term needs of the Office, such as a space for learning activities or dedicated archives. Utilization of the building and land could enable the Office to remove existing obsolete temporary buildings, such as the Annexe Bocage, that are located on the rest of the campus and which have high maintenance costs. **Noting the proximity of the site to the United Nations Office at Geneva, the Advisory Committee trusts that more information on the potential tenants and opportunities to use the site internally will be provided in the next progress report.**

36. The Secretary-General states in his report that, in the light of the decisions by the General Assembly not to approve the proposed requirements for a valorization consultancy for 2022 and to consider the possibility of allocating the proposed requirements for a valorization consultancy in the amount of \$55,800, taken during the main part of its seventy-seventh session, there has been no meaningful progress in updating the valorization strategy during the reporting period. With the withdrawal of the favourable lease proposal for the Villa Feuillantines site, the overall amounts now realistically achievable for the valorization strategy are likely to be lowered in the short to medium term. Given the developments, the valorization strategy will need to be updated, requiring an estimated further amount of \$19,200. The Secretary-General again requests that the Assembly endorse the implementation of the necessary consultancy work in order to update the valorization strategy, and, together with the foregoing additional amount requested, to authorize the expenditure in a total revised estimated amount of \$75,000 for further consultancy fees, to be offset from income section 2 of the 2023 programme budget, which is estimated at \$22.4 million in 2023, out of which \$2.3 million would be generated by the United Nations Office at Geneva (*ibid.*, paras. 97 and 98).

37. Upon enquiry, the Advisory Committee was informed that the increased amount of \$75,000 being requested for 2023 was the result of an increased level of effort and increased time for the consultancy due to a number of developments since the strategy was endorsed, such as the withdrawal of the favourable lease proposal for the Villa Feuillantines. If the General Assembly were to decide not to pursue the valorization of those plots of land, the Villa Feuillantines building would shortly need extensive renovation in order to continue to be of use to the Organization. The Committee was also informed that the required consultancy expertise was not available in-house.

38. **The Advisory Committee recalls that it previously saw merit in the proposed consultancy and recommended absorption of the proposed related requirements of \$55,800 from within the increased rental income generated from the additional entities accommodated on the Palais campus during the reporting period (A/76/7/Add.15, paras. 22 and 34). However, the Committee is not fully convinced that the proposed increased requirements of \$75,000 for 2023 are**

justified and, therefore, recommends that the General Assembly approve the requirements for the valorization consultancy work in the amount of \$55,800 for 2023, with the corresponding reduction in total income estimates projected under income section 2. The Committee also trusts that more detailed information on the plan, timeline and scope of the consultancy work will be provided to the Assembly at the time of its consideration of the present report.

B. Out-of-scope projects

New visitors' centre

39. With respect to the new visitors' centre to be located within the Palais grounds, the Secretary-General states that the construction tender process of the private not-for-profit foundation which is providing the new centre was delayed, as the donor informed the United Nations Office at Geneva that the cost estimate would need to be refined, since the revised estimate was higher than foreseen and was outside the foundation's budget. The donor is now re-evaluating the scope of the building and is identifying possible adaptations and value engineering options to realize the project. After the study is concluded, a revised timeline for the construction will be defined, and the updated proposal will be presented to the Office in the fall of 2022. The foundation is optimistic, however, that the centre will open in 2024. The operations of the new centre are expected to be cost-neutral to Member States ([A/77/492](#), paras. 106 to 108). Upon enquiry, the Advisory Committee was informed that, following the receipt of feedback on the revised concept design presented by the donor to the Director-General of the United Nations Office at Geneva in October 2022, further work on the design and the related business case would be undertaken by the donor, and a new submission would be presented to the Director-General in March 2023. **The Advisory Committee trusts that updated information on the progress on the visitors' centre will be included in the next progress report.**

Expansion of the Geneva main train station and track infrastructure

40. The Secretary-General indicates that a framework agreement was signed in 2019 between Swiss Federal Railways, the United Nations, represented by the United Nations Office at Geneva, and the City of Geneva for the temporary occupancy and cession of United Nations-owned land in relation to the expansion of the Geneva train track infrastructure. A supplemental agreement was signed in July 2021 between Swiss Federal Railways and the United Nations, which included further details about the project, its implications and related compensation to the United Nations. Subsequently, Swiss Federal Railways has informed the Office that, owing to changes to the original project, the works are currently not expected to start before 2027 (*ibid.*, paras. 109 and 110). **The Advisory Committee trusts that updated information on the expansion of the Geneva train track infrastructure project will be included in the next progress report.**

Day-care centre

41. The Secretary-General indicates in paragraph 111 of the report that, further to the feasibility study undertaken in early 2021 for the United Nations Office at Geneva and the World Intellectual Property Organization (WIPO) to build a day-care facility on land owned by the Office, this project remains on hold pending further review and decision by WIPO as to whether it will proceed or not. Therefore, no further progress has been made in the reporting period. Upon enquiry, the Advisory Committee was informed that the review decision was based mainly on the wish of WIPO to better understand parents' needs post-COVID-19. For example, more staff were now making use of telecommuting, thereby possibly making less attractive a day-care facility near

their place of work. The United Nations Office at Geneva Staff Union had concluded agreements, with no subsidies, for openings with day-care facilities near the Office campus, which had helped parents. At the same time, the Swiss authorities were keen to have parents place children in facilities near where they live, as opposed to where they work. **The Advisory Committee trusts that an update on the plans for a day-care centre will be included in the next progress report.**

VI. Conclusion

42. 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) Approve the estimated requirements for the valorization consultancy work necessary to update the valorization strategy in the amount of \$75,000 for 2023 and the corresponding reduction in total income estimates in income section 2, \$22,352,200 to \$22,277,200.

43. **Subject to its recommendations and observations above, the Advisory Committee recommends that the General Assembly take note of the report of the Secretary-General.**
