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Proposed programme budget for 2023

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

Fifteenth 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 an advance version of the report of the Secretary-General on progress on the replacement of office blocks A–J at the United Nations Office at Nairobi ([A/77/349](#) and [A/77/349/Corr.1](#)). During its consideration of the report, the Advisory Committee met with representatives of the Secretary-General, who provided additional information and clarification, concluding with written responses dated 31 October 2022.

2. The replacement of office blocks A–J at the United Nations Office at Nairobi is one of the near-term major construction projects identified in the report of the Secretary-General on the strategic capital review.¹ The Advisory Committee recalls that the General Assembly established the project in its resolution [72/262](#) A. In its most recent resolution, [76/246](#) A, the Assembly approved the overall full scope, maximum overall cost of \$66,260,100 and implementation strategy of the project and appropriated an amount of \$11,316,300, comprising (a) \$1,163,300 under section 29G, Administration, Nairobi; (b) \$10,069,300 under section 33, Construction, alteration, improvement and major maintenance; and (c) \$83,700 under section 34, Safety and security, of the proposed programme budget for 2022. The report of the Secretary-General ([A/77/349](#) and [A/77/349/Corr.1](#)), submitted pursuant to section XV of Assembly resolution [76/246](#) A, provides an update on the project since the issuance of the previous progress report of the Secretary-General ([A/76/330](#)), and provides updates on progress made during the present reporting period related to the various components of the project, namely the completion of the construction of a new annex

¹ The Advisory Committee has provided related observations and recommendations in its report on the strategic capital review ([A/72/7/Add.9](#)). In its previous reports on the renovation project at the United Nations Office at Nairobi, the Committee addressed a number of specific matters ([A/76/7/Add.17](#), [A/75/7/Add.16](#), [A/74/7/Add.15](#), [A/73/426](#) and [A/72/7/Add.28](#)).



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, as well as information on progress made on the design phase of the works for the new building to replace the old office blocks A–J.

II. Progress in the implementation of the project

Cooperation with the host Government and other Member States

3. The Advisory Committee recalls that the Gigiri complex is situated on 140 acres of land provided by the Government of Kenya in 1975 and 1978 (100 and 40 acres, respectively) and comprises 18 office blocks, a conference centre constructed between 1983 and 1985, a new office facility constructed during 2009–2010 and numerous prefabricated buildings originally constructed as swing space, but now serving as temporary office space ([A/72/7/Add.28](#), para. 3). The Committee also recalls the continued coordination by the United Nations Office at Nairobi with the host country regarding arrangements to expedite and support the project.

4. **The Advisory Committee expresses its gratitude to the host country for its continuing support to the United Nations Office at Nairobi and trusts that the Secretary-General will continue to engage with the host country to ensure the success of the project. Furthermore, the Committee encourages the Secretary-General to also continue to engage with other Member States to seek voluntary contributions, including in-kind contributions, and other forms of support for the project.**

Master plan

5. Paragraphs 11 to 18 and figure I of the report of the Secretary-General ([A/77/349](#) and [A/77/349/Corr.1](#)) provide information regarding the refinements to the master plan for the Gigiri complex. In his report, the Secretary-General indicates that, as a refinement to 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 2021 office space survey, as reported in the previous progress report, does not have an impact on the cost of the new building, as the original estimates were based on an unchanged range 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 of the construction contract award will the actual cost of construction be known and the cost plan for the project be updated and reported accordingly. Furthermore, the modular and scalable layout of the new building component was developed taking into consideration various design aspects ([A/77/349](#), para. 11).

6. **The Advisory Committee notes that the refinements made to the master plan form the basis of the current scope, costs and implementation strategy for the project. The Committee also notes that the footprint of block J has been replaced by the newly constructed annex building, which is part of the early works component, and trusts that updated information, including on the actual cost and the plan, as well as an update on the remaining footprint of blocks A–I, envisaged as an environmental park, will be provided in the next progress reports.**

7. Upon enquiry, the Advisory Committee was informed that the new master plan had taken into consideration the findings of the strategic capital review ([A/70/697](#) and [A/72/393](#)). The Committee was informed that there were no financial implications of the new master plan, which introduced the benefits, indicated in the previous report ([A/76/330](#), para. 13 (b)), of allowing office blocks A–J to remain functional until the completion of the new building, thereby ensuring business continuity and eliminating the need for additional swing space. Furthermore, location “E” was only being considered as a potential site if space for both the International Organization for Migration (IOM) and the Office of the United Nations High Commissioner for Refugees (UNHCR) was needed. However, since only UNHCR was planning to proceed with investing in new office buildings, location “D” (where the Secretariat was planning to build four new office blocks) would be able to accommodate the two additional office blocks for UNHCR, thereby providing a more efficient single site location and more possibilities for economies of scale in areas such as mobilization, hoarding, fencing and security (see paras. 33–36 below; see also [A/77/349](#), para. 12).

8. The Advisory Committee notes that it was informed that allowing office blocks A–J to remain functional eliminated the need for additional swing space. However, the Secretary-General also indicates in the report that the new annex building will also be used as swing space for the next two years 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. In addition, under the flexible workplace strategies component, 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 the World Food Programme after the latter’s move to office block V ([A/77/349](#), paras. 36, 42 and 57). The Committee was also provided with some planning elements regarding swing space considerations. **The Advisory Committee trusts that additional information regarding the plan for the utilization of swing space, and potential financial implications should the need arise for additional swing space, will be included in the next progress report.**

9. Upon enquiry, the Advisory Committee was informed that the revisions to the master plan in 2021 considered the needs of both the A–J project as well as the conference facilities construction project, and that no further revisions or changes to the master plan were proposed in the current progress report. The Committee was also informed that, although the two projects were independent, the master plan took into account the requirements of both projects and that, as the conference facilities project would comprise a significant portion of the United Nations Office at Nairobi compound, the conference facilities project team had taken the lead role of developing and coordinating the overall campus master plan, except for the portion of the eastern area of the complex dedicated to office space, which was the responsibility of the project team for the replacement of blocks A–J.

10. With regard to maintaining the separation of the two construction projects, the Advisory Committee was informed, upon enquiry, that the project teams were separated by virtue of the different scopes and schedules of each project, with the renovation of blocks A–J concluding in 2025 and the construction of the conference facilities beginning in 2025 and concluding in 2029. The benefit of maintaining separation mainly related to the skills and capacities of the individual team members, given the large and complex scope of both projects. The Committee was informed that the separation allowed each team to focus on the tasks at hand, which differed greatly in terms of day-to-day activities, given that the blocks A–J project was entering the construction phase and the conference facilities project had not yet begun the design phase. In addition, the scope of the blocks A–J project was considered more typical relative to normal operations at the United Nations Office at Nairobi

compound, in that it entailed the renovation of office space, compared with the renovation of the conference facilities, which was considered more atypical.

11. Upon enquiry, the Advisory Committee was informed that, as the project owner and project executive of both projects were the same officials, lessons learned were shared continuously and seamlessly among both project teams. Furthermore, it was considered possible, and even likely, that staff currently serving on the blocks A–J project would be good candidates for transfer to the conference facilities project team, once the construction phase on the latter project began. This would provide the added benefit of incorporating previously gained construction knowledge directly into the conference facilities project within the established construction schedules of both projects.

12. **The Advisory Committee notes that, despite a certain degree of management coordination and a greater focus by the master plan on the conference facilities project, there is no shared administrative or operational support between the blocks A–J construction project and the conference facilities project. The Committee notes that although the conference facilities project is scheduled to begin in 2025, the planning and design phases of the project coincide with the construction and close-out phases of the A–J project and could allow for potential linkages and synergies between both projects. The Committee will consider the matter of synergies further in the context of its report on addressing the deteriorating conditions and limited capacity of the conference facilities at the United Nations Office at Nairobi, and trusts that the Office will provide additional information on the potential efficiencies to be realized from increased coordination between the two projects in future reports (see also para. 18 below).**

Project governance

13. In his report, the Secretary-General indicates that the project governance structure presented in his previous report ([A/75/331](#)) remains unchanged. The project owner remains the Director-General of the United Nations Office at Nairobi, and the project governance structure includes continued coordination and oversight by the Global Asset Management Policy Service at Headquarters. 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 managing 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 ([A/77/349](#), paras. 19–24). **The Advisory Committee stresses the importance of close coordination between the United Nations Office at Nairobi and the Secretariat in New York, in particular the Global Asset Management Policy Service, to ensure proper oversight and governance in all aspects of the project.**

Project staffing

14. In his report, the Secretary-General indicates the staffing of the project management team and provides the incumbency status of the project management positions from project inception. The team comprises one Project Manager (P-5), one Space Planner/Coordinator (P-4), one Structural/Civil Engineer (P-3), one Procurement Officer (P-3), one Logistics Officer (National Officer), one Mechanical, Electrical and Plumbing Engineer (National Officer), one Clerk of Works (Local level), one Senior Administrative Assistant (Local level) and three Security Officers (Local level) (*ibid.*, para. 25 and table 1).

15. The status of recruitment for the vacant positions is as follows:

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

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

(c) Mechanical, Electrical and Plumbing 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. Upon enquiry, the Advisory Committee was informed that, at the onset of the project, the Engineer position was kept vacant and the funds utilized instead to support the continued engagement of specialist resources within the in-house dedicated project management team, on a consultancy basis, in the areas of information and communications technology, safety and security services and interior design services. The Committee was also informed that it was considered in the best interests of the project to reassign the Engineer position to supplement the current capacity of the project management team with specialized finance and budget and fixed asset management expertise, and as such, recruitment was under way for the reassigned position of an Administrative Officer with such expertise. The Committee was further informed that the reassigned position was to be advertised for an initial period of three months, given the advanced stage of the project and various concurrent in-progress construction contracts, with contract renewal from 2023 onward, pending approval by the General Assembly;

(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. Upon enquiry, the Committee was informed that the new position would be funded within the staffing resources approved for the project and that, given lead times, it was unlikely that the position would be filled before the end of November 2022;

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

The Advisory Committee trusts that updated information regarding the status of recruitment for the vacant positions will be provided to the General Assembly at the time of its consideration of the present report.

16. With regard to the position of Safety and Security Officer (P-3), the Advisory Committee was informed that current resources allocated within section 34, Safety and security, covered the provision of security surveillance services rather than specialist safety and security-related expertise. The proposed Safety and Security Officer position would serve as a specialist safety and security resource at the professional level and would support the development of the security-related specialist technical aspects of the project. The Committee was also informed that a cost-benefit analysis of outsourced options may not be beneficial, as the technical function of security could not be entirely outsourced to external contractors, owing to the risk of disclosure to the market of confidential information related to security infrastructure. The Committee was informed, upon inquiry, that the two UNHCR buildings would be fully funded by UNHCR, including with regard to security-related costs (see also [A/77/349](#), para. 36).

17. The Advisory Committee was further informed that the provision for specialist consultants ([A/77/349](#), para. 76) included both specialist information and

communications technology and safety and security consultancy services, within the dedicated in-house project management team. From 2023 onward, a position of Safety and Security Officer instead of a consultant, to be funded from within the maximum overall project budget approved for section 34, Safety and security, was proposed to support the construction, installation and operationalization of the new primary security control facilities and infrastructure to be housed in the publishing services building. The position would also provide specialized security-related guidance, support and technical advice on the siting and development of the new building designs, including the requisite security-related infrastructure provisions.

18. While not objecting to the proposed establishment of the position of Safety and Security Officer (P-3), the Advisory Committee will revert to the coordination of services in the context of its report on addressing the deteriorating conditions and limited capacity of the conference facilities at the United Nations Office at Nairobi (see also para. 12 above).

Project schedule

19. In his report, the Secretary-General indicates that all three components of the A–J project are on track for completion by the end of 2024 within the approved overall schedule for the project, with project close-out activities scheduled for completion by the end of 2025. The updated project schedule is provided in tables 3 and 4 of the report ([A/77/349](#), para. 64).

20. The project's objectives remain unchanged and the scope of the three main components is as follows:

(a) Early works to repurpose the publishing services building and construction of a new annex (logistical) 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 (*ibid.*, para. 10).

Early works component

21. With regard to the early works component, the Secretary-General indicates in his report that the construction of the annex building was completed in August 2022 within budget, with a five-month slippage due predominantly to adverse weather conditions and other factors, including changes made by the client related to locker room and warehouse configuration. The first phase of the refurbishing of the publishing services building 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 experienced a three-month slippage related to the adverse impact of the pandemic on the supply chain and is scheduled to be completed on 31 December 2022. The Secretary-General indicates that 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 (*ibid.*, paras. 37 and 67 and table 4).

22. Upon enquiry, the Advisory Committee was informed that the client changes in the first phase of refurbishment related to adjustments to the size and space designated

for shower and locker rooms for both male and female security officers. The changes were made with the future aim of achieving gender balance with regard to security officers, while providing sufficient facilities for the current gender configuration of security officers. The change ensured that the space available for warehousing was not compromised and resulted in a slight increase in the size of the upper logistical building and a slippage of approximately six weeks.

23. The Advisory Committee notes that the second refurbishment phase of the early works component is scheduled to be completed on 31 December 2022 and trusts that updated information regarding the impact of the three-month slippage, including on resources, will be provided to the General Assembly at the time of its consideration of the present report.

Flexible workplace strategies component

24. With regard to the flexible workplace strategies component, the Secretary-General indicates in his report that the tender phase 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 continued, even though the actual number of staff on the complex remained low (between 20 and 30 per cent) for most of 2022. The Secretary-General also refers to challenges that led to a three-month slippage in the construction works with regard to the renovation of office blocks P and Q to 30 September 2022, and to slippages in vacating office blocks P and Q. The mitigating measures included a revised proposal to procure all imported items in advance, as well as the issuance of revised instructions to the contractor and the tendering of the refurbishment of the remaining office blocks as a single package (*ibid.*, paras 68–69 and table 4).

25. Details of the component include: (a) the refinement of the generic designs for office blocks M–X completed in the previous reporting period to reflect the specific needs of the tenants who will occupy office blocks P and Q; (b) the capture of best practices and lessons learned from similar projects, including consolidating all upgrade works required on a specific office block into one construction contract and implementing change management activities that engage affected staff; (c) the local sourcing of the majority of materials used in the construction works on office blocks P and Q; (d) the carrying out of 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 (the refurbishment and renovation works of office blocks T, U and X are scheduled to commence in October 2022); (e) the commencement of the solicitation of the furniture works package for office blocks P and Q and the implementation of flexible workplace strategies across the remainder of the Gigiri complex; and (f) the implementation of a flexible indoor/outdoor workplace concept, with the schedule brought forward for the installation of an outdoor work and meeting pod for each office block (approximately 30 pods will be installed by the end of the project) (*ibid.*, paras. 38–47).

26. The Advisory Committee was informed that lessons learned for the flexible workplace component included: (a) the advance procurement of long-lead, specialty and imported goods for the construction of the remainder of the office blocks to mitigate the known risk of delays to overall completion; (b) the need for the implementation of detailed and meticulous communications and change management activities to gain the necessary “buy-in” from tenants who are more engaged in the office move processes of the project; and (c) the consolidation of all upgrade works for each of the existing office blocks within a single construction contract for the flexible workplace component, to ensure that the United Nations benefits from economies of scale and to minimize the disruption to end users, including for interior

renovations and remodelling as well as regular planned maintenance, window replacement, façade improvement and accessibility improvements, including the installation of elevators (which would be outside the scope of the flexible workplace component). The Committee was also informed that the lessons learned from the flexible workplace component would also be applied to the new building component of the project.

New building component

27. In terms of the new building component, in his report, the Secretary-General indicates the design phase was successfully initiated in September 2021 with a slippage of three months and expected completion by 31 October 2022. The procurement phase for the new building construction is now scheduled to start in November 2022 and to be completed by 28 February 2023, representing a slippage of two months. The Secretary-General indicates that the slippages will have no impact on the completion of the building by the end of 2024, as the current approved project schedule allows for 22 months for the construction of the new building component. Slippage may be further reduced through the already established horizontal engineering contract, which may be used to initiate earthworks prior to the start of the main construction contract (*ibid.*, paras. 71–72 and table 4).

28. Details of the component include: (a) the alignment of the space requirements for the new office building component with the outcomes of the 2021 office space survey; (b) a multi-stakeholder review of the design proposal; (c) a design concept that includes accessibility to the site and to the extended indoor/outdoor working and collaboration areas; (d) the completion of three of the four design phases (preparation and brief completed on 1 February 2022, conceptual design completed on 12 May 2022 and design development to be completed by the end of August 2022). The fourth stage (technical design), which includes all materials for the tender process, is scheduled to continue until the end of October 2022 and the tender for the construction works is expected to be published in November 2022 (*ibid.*, paras. 48–53 and figure IV).

29. With regard to the use of value engineering, the Advisory Committee was informed that, as part of the first to fourth established project design work stages, it was standard procedure for incrementally more detailed construction cost estimates to be built up as the project moved from initial design concept to the final production drawing/tender package preparation stages, where itemized bills of quantities were made available. As the project moved through these various work stages, the design was continually refined across all functional areas and the scope was reviewed to ensure cost estimates remained within established project budgets. The Committee was further informed that there was the potential for the use of more cost-efficient duty-free imports combined with forward purchasing methodologies which supported not only reduced costs versus local duty paid purchasing, but were also anticipated to support the reduction of lead times, while at the same time reducing the risks related to the current challenges experienced with the supply chain. This practice was currently under consideration for the new buildings and had already been implemented with regard to the flexible workplace component contract. The Committee was informed that, although it may be assumed, it remained to be determined whether purchasing materials in larger quantities would also lead to some potential economies of scale, once the outcomes of the current tender for implementation of flexible workplace strategies in the remaining office buildings had been concluded.

Risk management

30. Details on risk management and the proactive measures to be taken to mitigate risks are described in paragraphs 27 to 33 of the report of the Secretary-General and

include a fifth Monte Carlo simulation² for the project in June 2022 based on updated assessed costs for both existing and newly identified risks. The assessment projects that a budget of \$66.94 million would be needed to meet the United Nations P80 confidence target level, which is \$0.68 million above the estimated total project costs of \$66.26 million. 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 (*ibid.*, paras. 29–32 and figures II and III).

31. The top five risks identified in the cost-sensitivity analysis are: (a) owner-directed changes; (b) the construction of the new office building; (c) risks related to the coronavirus disease (COVID-19) pandemic; (d) scheduling risks; and (e) risks relating to project management and the support team (*ibid.*, para. 32). Table 2 of the report presents the evolution of the top five project risks during the past three years of the project. Upon enquiry, the Advisory Committee was informed that all three components of the A–J project were on track, with completion scheduled by the end of 2025, including the handover/close-out activity, which also constituted the defect liability period. The Committee was informed that the project team was confident of completion within the approved schedule by 2025 and that the minor slippages indicated in 2022 were offset by the following milestones: the completion as of August 2022 of the full early works component, with the refurbishment of the annex (housing logistical and operational services) and the publishing services building scheduled for completion by 31 December 2022; the completion of 55 per cent of the flexible workplace component, with 6 of 11 office blocks completed or started by the end of 2022; and the completion of the detailed design of the new building component. The Committee was further informed that these achievements, as reflected in the increased level of confidence, from 47 per cent in 2021 to 66 per cent in 2022, all contributed to full confidence on the part of the United Nations Office at Nairobi and the project team that this project would be completed by 2025 (*ibid.*, paras. 29 and 64 and tables 3 and 4).

32. The Advisory Committee acknowledges the increase in the confidence level from 47 per cent in 2021 to 66 per cent in 2022, as well as the efforts of the United Nations Office at Nairobi's project management team to take proactive measures to manage risks. The Committee also notes the risk of owner-directed changes and trusts that the Secretary-General will continue to closely monitor and mitigate project risks to ensure the delivery of the project within the scope, budget and timeline, as approved by the General Assembly.

Buildings of the Office of the United Nations High Commissioner for Refugees

33. In his report, the Secretary-General indicates that the site shown in figure V of the report will be used for the construction of four buildings for the Secretariat as part of the A–J project and of 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 and management of and future maintenance arrangements for the construction of the buildings, 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

² A statistical analysis method used to better understand the impact of risks in a project, by using a range of minimum to maximum values with regard to time frames and cost estimates for stages and components, through a computer-based simulation that runs multiple random project scenarios (A/75/7/Add.16, footnote 3).

liability borne by the Secretariat during the full life cycle of the new UNHCR buildings.

34. In his report, the Secretary-General indicates that 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 A–J project 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. The Secretary-General also indicates that the project may result in potential efficiency gains owing to economies of scale, which cannot be determined at this stage but will be reported in the next progress report ([A/77/349](#), paras. 54–55).

35. Upon enquiry, the Advisory Committee was provided with the key conditions and responsibilities of the memorandum of understanding that UNHCR was expected to sign by November 2022, and was informed that the current contract with the lead consultancy firm was scalable and allowed for the additional design of the two blocks to be funded by UNHCR, thereby requiring no contractual modifications. The Committee was also informed that the inclusion of UNHCR in the project was not considered an owner-directed change and that UNHCR would be responsible for all costs associated with the design of the buildings, including prior design work stages. The Committee also received confirmation, upon enquiry, that IOM was no longer considered part of the project, as the United Nations Office at Nairobi had not received any further confirmation or interest from IOM during the early part of 2022, with no resulting financial impact to the project.

36. The Advisory Committee notes that UNHCR will be responsible for all costs associated with the design of two of the six blocks, including prior design work stages and all associated costs, and that there will be no current or future liability borne by the Secretariat during the full life cycle of the new UNHCR buildings. The Committee further notes that the planned UNHCR buildings could also be beneficial to both United Nations Office at Nairobi projects in terms of the physical security requirements of conjoined premises, and any other potential efficiency gains. The Committee trusts that updated information on the memorandum of understanding to be established between the United Nations Office at Nairobi and UNHCR will be provided to the General Assembly at the time of its consideration of the present report and in the next report. The Committee notes that IOM is no longer considered part of the project (see paras. 12 and 18 above).

Procurement and use of local materials and knowledge

Procurement activities

37. In his report, the Secretary-General indicates that the following activities, inter alia, are planned for 2023: (a) the completion of the design development for the flexible workplace strategies component related to buildings occupied by the United Nations Environment Programme and the United Nations Human Settlements Programme (UN-Habitat) by 30 June 2023, including interior refurbishment works packages that enable the solicitation of the services of a professional construction

firm; (b) the 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; and (c) the development of the new building construction works packages and the 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 ([A/77/349](#), para. 83).

38. Upon enquiry, the Advisory Committee was informed that, with regard to the implementation of traditional tendering processes, there was a likelihood of 66 per cent that the project would be delivered within the approved budget of \$66.26 million, as determined through the Monte Carlo simulation (see paras. 30–32 above). Therefore, the decision by the United Nations Office at Nairobi to solicit the construction services through a traditional request for proposals, and not a multistage process, was reflected in the project's current confidence level of 66 per cent. **The Advisory Committee notes that the procurement process for construction services will proceed in the form of a traditional request for proposals rather than as a multistage request for proposals exercise, and requests that further information thereon, specifically on the advantages and disadvantages of this process, be presented to the General Assembly at the time of its consideration of the present report.**

Local materials and knowledge

39. The Secretary-General indicated in his report that, in line with paragraph 11 of section XV of resolution [76/246 A](#) and paragraph 29 of the report of the Advisory Committee ([A/76/7/Add.17](#)), the majority of materials used in the construction works on office blocks P and Q in relation to the flexible workplace strategies component are locally sourced. 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 these locally manufactured furniture and artefacts are logs from the construction sites of the early works component of the project ([A/77/349](#), paras. 43–44).

40. Upon enquiry, the Advisory Committee was informed of the possible pilot implementation of a gender-responsive procurement strategy, which could include distributing invitations to tender and/or encouraging subcontracting arrangements with women-owned businesses, introducing subcontracting requirements for vendors that would encourage them to submit plans for the participation of women-owned businesses in their supply chains, and ensuring gender-responsive procurement through the vendor evaluation process. **The Advisory Committee continues to emphasize the importance of ensuring the integration of locally sourced and manufactured materials, as well as local labour and expertise, and trusts that updates thereon will continue to be provided in the next progress reports.**

Sustainability, energy-efficient construction and related cost savings

41. The Secretary-General indicates in his report that an overarching objective of the project continues to be 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. 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 ([A/77/349](#), para. 56; see also [A/75/331](#), paras. 30–33).

42. The new annex building is intended to be a net zero building, equipped with photovoltaic panels sized to generate, at a minimum, the equivalent of the total energy consumed by the building throughout the year. Completed at the end of August 2022, the building will be utilized for the next two years as swing space in support of the flexible workplace and 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. 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 ([A/77/349](#), para. 57). Upon enquiry, the Advisory Committee was informed of the annual energy generation of the solar photovoltaic systems for the building and the expectation that production would exceed consumption in a year, making it a net zero building. Energy produced by the building would be fed back directly into the internal electrical distribution grid of the United Nations Office at Nairobi complex. This would enable the potential excess energy produced to be used to support other building, facility and infrastructure functions of the complex, particularly outside of peak demand hours.

43. In his report, the Secretary-General indicates that sustainable technologies were considered in the design of the publishing services building, which includes construction of the new primary data centre for the entire Gigiri complex (see also [A/75/331](#), paras. 31–33) and that the building will also be equipped with photovoltaic panels. 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, currently estimated at 220,000 kWh, and the application of sustainable technologies such as the innovative free cooling system ([A/77/349](#), para. 58).

44. It is indicated in the report that waste from all construction works, including timber and furniture, was reused or recycled, and demolition waste materials were disposed of. In addition, lessons were learned regarding design and other efficiencies (*ibid.*, paras. 59–63). Upon enquiry, the Advisory Committee was provided information regarding the four focus areas of the environmental management of the United Nations Office at Nairobi, namely energy, water, wastewater and waste management, and that in 2021 the Office expanded office waste management operations to specifically include a construction/demolition waste management programme and related waste-handling procedures. The Committee was also informed that contractors for construction projects were notified of the Office's environmental management system, and that expectations related to the handling of construction/demolition waste specific to construction contracts included the requirement to operationalize these procedures and submit detailed waste management plans, as well as related prices, at the time of tender. The Committee was informed that contractors carried out an assessment in collaboration with the Office's facilities management section to identify building components to be reused on site, either as part of the construction works or for future use, and that the process would remain in place continuously until the end of the project to ensure that 70 to 80 per cent of the targets stipulated for waste recovery were met.

45. The Advisory Committee notes that, as the annex building was completed at the end of August 2022 and will be utilized for the next two years as swing space in support of the flexible workplace and the new building components, it will only be possible to confirm whether a net zero building has been achieved once the annex has fully transitioned to operational and logistical functions at the end of 2024. The Committee looks forward to continued 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.

46. The Advisory Committee reiterates that best practices and applicable lessons learned in all aspects of the project, including the United Nations Office at Nairobi energy efficiency strategy and environmental management system, should be shared with and among all United Nations construction projects (see also [A/76/7/Add.17](#), para. 30, and [A/75/7/Add.16](#), para. 26).

III. Project expenditures and anticipated costs

47. Details on project expenditures and anticipated costs are provided in paragraphs 74 to 80 of the report of the Secretary-General, where he indicates that, 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.

48. The Secretary-General indicates that the cumulative expenditure as at 30 June 2022 was \$19,920,400. The projected expenditure for the remainder of 2022 amounts to \$5,502,300, and a balance of \$11,456,500 is projected to remain unused at the end of 2022, owing mainly 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. **The Advisory Committee trusts that an update on the expenditure for the remainder of 2022 will be provided to the General Assembly at the time of its consideration of the present report.**

49. The Secretary-General also indicates that, taking into account the projected unspent balance of \$11,456,500 at the end of the 2022, the project has a net funding requirement for 2023 in the amount of \$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 ([A/77/349](#), para. 82 and table 6).

50. It is indicated in the report that the activities to be undertaken in 2023 and the projected overall cost plan for the project remain unchanged, although there has been a redistribution of costs between 2022 and 2025 to reflect the revised construction schedule and related expenditures for the flexible workplace component (*ibid.*, paras. 80 and 83 and annex I). Upon enquiry, the Advisory Committee was provided with the cost plan in the table below and updated information on expenditures. The Committee was also informed that, with regard to the impact of inflation and the appreciation of the United States dollar, cost escalation was planned for in the amount of 7 per cent. The Committee was informed that although the current global fuel crisis represented another potential inflationary factor, it was anticipated that global fuel prices would stabilize by early 2023, before the United Nations Office at Nairobi planned to sign a construction contract. Furthermore, the appreciation of the United States dollar compared with the Kenyan shilling was beneficial to the project, and there was little indication in the financial markets that this trend would reverse before the Office's construction contract was signed in early 2023.

Appropriations and expenditures, 2018–2022

(Thousands of United States dollars)

	<i>Appropriated project funding for 2018–2022</i>	<i>Cumulative commitment as at 30 September 2022</i>	<i>Projected expenditure from 1 October 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	12 527.9	3 931.5	16 459.4	4 455.1
2. Professional services	5 035.3	3 981.1	737.7	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	16 508.9	4 669.2	21 178.1	11 385.5
Section 29G, United Nations Office at Nairobi					
5. Project management	3 955.2	3 520.1	410.3	3 930.4	24.8
Subtotal, section 29G	3 955.2	3 520.1	410.3	3 930.4	24.8
Section 34, Safety and security					
6. Security requirements (security guards)	360.4	158.6	155.6	314.2	46.2
Subtotal, section 34	360.4	158.6	155.6	314.2	46.2
Total	36 879.2	20 187.6	5 235.0	25 422.7	11 456.5

51. The Advisory Committee notes that the updated cost plan, as presented in annex I to the report of the Secretary-General, presents the annual projected expenditures for the duration of the project, but considers that the inclusion of a separate table, with columns showing the original cost estimate and the revised cost estimates for each year thereafter, would be a helpful tool for Member States in their consideration of the report overall. The Committee therefore recommends that the General Assembly request the Secretary-General to include such a table showing the evolution of the project cost plan in future United Nations Office at Nairobi progress reports, as well as in the future reports of all other United Nations construction projects. The Committee looks forward to an update in the next progress report on the cost plan, if any, after the completion of the flexible workplace strategies component in the remaining blocks, the solicitation of the services of a professional construction firm for this component and for the furniture works package for the remainder of the Gigiri complex, and on the development and solicitation of the new building construction works packages.

Contingency

52. Upon enquiry, the Advisory Committee was informed that the drawdown of \$25,900 against the approved contingency provision of \$5,387,900 related to an anticipated increase in professional services for the provision of independent risk management services, administrated by the Global Asset Management Policy Service, and provided to the project. These services would be needed through 2023 and the conclusion of the construction works stages of the project at the end of 2024 (A/77/349, annex III). **The Advisory Committee trusts that an update on the use of the contingency will be provided in future progress reports.**

IV. Conclusion

53. The recommendations of the Secretary-General on proposed actions to be taken by the General Assembly are set out in paragraph 84 of his report. **Subject to its observations and recommendations above, the Advisory Committee recommends that the General Assembly:**

- (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 34, Safety and security;**
 - (d) **Appropriate an amount of \$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, of the proposed programme budget for the year 2023, which would represent a charge against the contingency fund (see para. 48 above).**
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