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## Fifth Committee

### Summary record of the 16th meeting

Held at Headquarters, New York, on Friday, 16 November 2018, at 3 p.m.

*Chair:* Mr. Pedraza-Torres (Vice-Chair) ..... (Colombia)  
*Chair of the Advisory Committee on Administrative  
and Budgetary Questions:* Mr. Ruiz Massieu

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*In the absence of Ms. Bird (Australia), Mr. Pedraza-Torres (Colombia), Vice-Chair, took the Chair.*

*The meeting was called to order at 3 p.m.*

**Agenda item 136: Programme budget for the biennium 2018-2019 (continued)**

*Strategic heritage plan of the United Nations Office at Geneva (A/73/157, A/73/395 and A/73/576)*

1. **Mr. Saunders** (Assistant Secretary-General for Central Support Services), introducing the Secretary-General's fifth annual progress report on the strategic heritage plan of the United Nations Office at Geneva (A/73/395), said that, during the reporting period, significant progress had been made in planning, design, procurement and construction, including work on the construction of the new permanent building H, which had reached the second-floor level, and completion of the pre-qualification process for the selection of vendors prior to tendering for contracts for the renovation of the historic buildings. In order to attract a broad pool of qualified international bidders, the Office had conducted strategic outreach by engaging with permanent missions, holding business seminars, participating in international industry forums and publishing advertisements on the United Nations Global Marketplace.

2. The report provided an update on project financing, costs and expenditure. In accordance with the recommendation contained in the report of the Board of Auditors (A/73/157), and given that the plan was entering a phase characterized by high-value construction contracts extending beyond a single budget year, the Secretary-General recommended that the General Assembly approve at the current session a scheme of appropriation and assessment for the project based on a one-time upfront appropriation, with a mix of one-time and multi-year assessments. That scheme would strengthen the project by providing more certainty with regard to its financing and by enabling Member States to make payments up front, which would mitigate potential cash flow risks.

3. Pursuant to General Assembly resolution 70/248 A, the Secretary-General had continued to explore innovative ways to valorize underutilized property owned by the Organization in Geneva. Since the previous reporting period, further valorization studies had been conducted and the Secretary-General now envisaged that between 80.6 million and 133 million Swiss francs could realistically be generated from valorization.

4. As directed by the General Assembly, the Secretary-General had not proceeded during the

reporting period with either the feasibility study for the implementation of ventilation and cooling and of flexible workplace strategies, or with the technical design of interior office spaces, as originally proposed in the fourth annual progress report (A/72/521). Instead, in line with guidance from the General Assembly and a recommendation from the project steering committee, a working group comprising subject matter experts from both Geneva and Headquarters had been established to further monitor and review the situation.

5. The Secretariat strongly recommended that, following the review of the working group, mechanical ventilation and cooling systems be installed as part of the renovation of the historic buildings. The estimated cost of carrying out that work as part of the strategic heritage plan was 67 million Swiss francs, compared with the significantly higher estimated cost of 108 million Swiss francs to perform the work after the completion of the renovation. The most viable way of implementing the ventilation and cooling systems would be to use water from Lake Geneva; innovative engineering would be used to fully preserve the architectural heritage and integrity of the buildings. The ventilation and cooling systems would, moreover, be more energy-efficient and cost-effective if implemented in combination with an open office layout which, in turn, would support more collaborative and flexible working methods and enable the accommodation of more staff. The introduction of cooling and ventilation, together with flexible workplace strategies, would thus generate additional rental income for the Organization.

6. The Secretary-General proposed to finance the estimated additional cost of 67 million Swiss francs using valorization income, so as to ultimately offset any related Member State appropriations. There were compelling reasons to include the implementation of ventilation and cooling systems within the scope of the plan: having a pre-established project framework that included costs for staff moves and for minimizing disruption; the existence of a mobilized and funded project team and a suggested funding source for the installation of the systems; and the significantly higher costs and greater disruption that would be entailed if the installation were deferred. He expressed gratitude for the General Assembly's support for the project to date. The recommended actions and decisions outlined in the report (A/73/395) were essential for achieving project milestones in a cost-effective manner for the long-term benefit of the Organization.

7. **Mr. Holstein** (Audit Operations Committee of the United Nations Board of Auditors), introducing the report of the Board of Auditors on the strategic heritage plan of the United Nations Office at Geneva (A/73/157),

said that the plan involved renovating the Office to meet the requirements of the Organization and improve health, safety and working conditions. The Board of Auditors oversaw the development and implementation of the project and reported thereon to the General Assembly upon request.

8. At the time of the most recent audit visit, construction work on the new building and the procurement procedure for the renovation work had been in their early stages. The already ambitious project schedule had become even tighter, owing to delays in the construction work, the implementation of flexible workplace strategies, and the change in the implementation strategy for the renovation work. The timeline for the completion of the technical design for the renovation work prior to tendering for contracts was particularly ambitious; delays in that design work might have an impact on the start of the renovation work. Further improvements were needed in the areas of risk management; building design, construction and maintenance; and valorization. Procurement procedures also needed to be enhanced to ensure the confidentiality of sensitive data.

9. While a risk management strategy had been implemented, that strategy needed to be brought into line with the United Nations guidelines for the management of construction projects. Furthermore, for part of 2017, risk reporting had not met the requirements of the strategy.

10. The contract for the construction of the new building had been drawn up mainly on the basis of plans and designs issued in December 2016, without taking into consideration the full implementation of flexible workplace strategies. The construction of the new building had begun at the end of 2017. Implementing flexible workplace strategies would lead to changes in the technical design of, *inter alia*, the architectural interior and electrical installation. According to the consultants' analysis, those changes might lead to extra costs of up to 7 million Swiss francs. Management should therefore urgently decide on how to implement flexible workplace strategies on all floors of the new building to avoid any further risk of amendments, delays and extra costs.

11. The data provided by the United Nations Office at Geneva and the strategic heritage plan project team on energy consumption at the Palais des Nations differed significantly. Energy savings targets should be reviewed and reference baselines should be determined in order to enable measurement of the energy savings achieved as a result of the project's implementation. A sound and clear maintenance strategy for the renovation work must be

developed, and the expected future maintenance and operational costs for the renovated and new buildings must be calculated.

12. The applicable and potential income from the rental of United Nations premises in Geneva had not been calculated on the basis of current contracts and data. Indeed, the potential income from the rental of the premises to the Office of the United Nations High Commission for Human Rights had been calculated using data from 2012 and 2013. Although management had already known in 2014 about the valorization potential and realistic local lease conditions of several land parcels owned by the United Nations Office at Geneva, it had not developed a timely strategy to generate higher rental income or to sell parcels at market value. Management should develop a detailed valorization strategy for all parcels with valorization potential.

13. Of the eight recommendations made in the Board's first report on the strategic heritage plan (A/70/569), six had been implemented and two had been overtaken by events. The Board made 39 recommendations in its current report.

14. **Mr. Ruiz Massieu** (Chair of the Advisory Committee on Administrative and Budgetary Questions), introducing the related report of the Advisory Committee (A/73/576), said that, in view of the Secretary-General's statement that it was essential to introduce cooling in the Palais des Nations in order to address the current risks to the well-being and productivity of staff and delegates, the Advisory Committee recommended that the General Assembly authorize the Secretary-General to proceed with the installation of ventilation and cooling systems. Postponing that work until after the completion of the strategic heritage plan would be more disadvantageous to the Organization than the alternative proposed. Accordingly, the Advisory Committee recommended that the General Assembly authorize the Secretary-General to implement the systems as part of the plan, in order to limit costs and ensure that staff and delegates could benefit from ventilation and cooling as soon as the renovation of the Palais had been completed.

15. A detailed breakdown of the estimated requirements for the introduction of ventilation and cooling was needed. The Advisory Committee recommended that the General Assembly request the Secretary-General to seek greater efficiency and complementarity with ongoing activities under the plan, and to refine and reduce the estimated resource requirements for the ventilation and cooling work.

16. The Advisory Committee recalled that the General Assembly, in its resolution [72/262 A](#), had made decisions and requests regarding the use of valorization income and the implementation of flexible workplace strategies at the Palais. In its report, the Advisory Committee also made observations and recommendations on accessibility issues, voluntary contributions, the security master plan and maintenance issues. It emphasized the importance of adhering to the project schedule to avoid cost overruns.

17. **Mr. Alsayed** (Egypt), speaking on behalf of the Group of 77 and China, said that the Group would seek further clarification regarding the status of implementation of the Board of Auditors' recommendations. The Group noted the progress made on the strategic heritage plan, including the start of construction work on the new building and the completion of the reinforcement of the roof slab of the underground car park in building E. The delays encountered in implementing the project were nevertheless a matter of concern, and comprehensive mitigation measures were needed to ensure that it was completed on time and within budget. Consequently, in informal consultations the Group would seek further information on related projects that might affect the scope and budget of the strategic heritage plan, including the security master plan and maintenance plan for the United Nations Office at Geneva.

18. The Group looked forward to the tender for the renovation of the historic buildings and noted the efforts made to attract the best possible pool of international bidders. It welcomed the voluntary contribution made by the Government of China and encouraged other Member States to finance projects under the strategic heritage plan, particularly those related to the preservation of the Palais des Nations.

19. The General Assembly had supported the implementation of flexible workplace strategies in the new building and had called for the preservation of the heritage of the Palais. The Group would review the Secretary-General's new proposals for the implementation of flexible workplaces in the Palais in the light of the technical challenges involved and the consequent increase in consultancy costs. It would also seek further clarification regarding the Organization's current and future space needs, including the interest of United Nations entities in moving to the Palais des Nations campus in the future.

20. Committed to the implementation of the Paris Agreement under the United Nations Framework Convention on Climate Change, the Group welcomed the study by the United Nations Office at Geneva on the

impact of climate change on the Organization's operations. It would welcome further information on that subject with respect to global operations, as well as on mitigation measures to be taken. The Group would seek further details on the business case for expanding the scope of the plan to include the introduction of mechanical ventilation and cooling, as well as on other environmentally friendly measures that could be implemented.

21. The time had come to take a decision on the scheme and currency of appropriation and assessment and the establishment of a multi-year special account for the project. The best practices identified from previous large-scale projects should be applied to the plan.

22. **Ms. Norman-Chalet** (United States of America) said that her delegation noted the progress made in implementing the strategic heritage plan. It also noted the Board of Auditors' recommendations regarding the project timeline and budget and risk management, and looked forward to learning more about their implementation and how the Organization planned to mitigate risks to the project.

23. Transparency and good governance must underpin Member States' decision-making on the financing of the plan, including efforts to reduce the financial burden on States by identifying alternative funding options. In order to contain costs, any revenue from the lease of United Nations property in Geneva should be applied to the plan. Moreover, every effort should be made to avoid increasing the project costs to be financed through Member State assessments. Her delegation looked forward to discussing governance, risk management, space utilization, accessibility, the proposed cooling and ventilation system, and financing arrangements to ensure that Member States continued to direct the project.

24. In its resolution [70/248 A](#), the General Assembly had provided a mandate to implement flexible workplace strategies as part of the strategic heritage plan, and she welcomed the efforts of the United Nations Office at Geneva and the Office of Central Support Services to use space as efficiently as possible. The Secretary-General and the strategic heritage plan team should identify ways of modernizing the Palais des Nations to provide a more flexible workplace with increased capacity, particularly given that the Palais was located in one of the most expensive cities in the world. A recent study on the utilization of space within the Palais had indicated that individual workspaces were being utilized throughout the day at an average rate of 51 per cent. The resources dedicated to the plan should be transparently and effectively managed, and the project should be completed on time and within budget.

25. **Mr. Lauber** (Switzerland) said that the midpoint of the project cycle had nearly been reached. The approved overall cost, timeline, scope and quality targets had been respected, a significant achievement considering the project's scale and complexity, and his delegation commended the United Nations Office at Geneva on the progress made.

26. The strategic heritage plan represented an important investment in a modern, effective and efficient Organization. The project would improve the well-being and productivity of staff, delegates and visitors; obsolete infrastructure would be renovated; and barriers faced by persons with disabilities would be removed. Further benefits would include lower expenses, better use of space, and additional revenue generation, which would allow the Organization and Member States to make substantial annual savings. Additional United Nations entities would also be attracted to the Palais, providing further opportunities for exchange and collaboration.

27. The main task ahead was to ensure the project's successful completion. His delegation was concerned about certain changes in the details of the timeline and the cost of individual segments. Although changes were expected in large, complex projects, the Secretary-General should ensure that the plan was implemented according to the parameters approved by Member States. His delegation looked forward to discussing the implementation of ventilation and cooling and of flexible workplace strategies.

28. The continued uncertainty with regard to the financing arrangements for the project was a matter of concern, as it jeopardized the progress achieved thus far and the realization of benefits that were within reach. An exceptional level of funding from alternative sources would reduce to one third the remaining share of overall project costs to be financed by Member States during the project cycle. By the end of 2019, over 100 million Swiss francs of his Government's zero-interest loan of 400 million Swiss francs was projected to be disbursed. Income from land valorization in the amount of 80 million Swiss francs was envisaged and substantial donations had been pledged. The General Assembly should agree on the financing arrangements for the plan at the current session in order to avoid delays and additional costs.

29. **Ms. Frolova** (Russian Federation) said that her delegation supported the strategic heritage plan as an investment in the future of the United Nations and its most important Office. The plan would ensure greater security, accessibility and modernization, and would enable the United Nations Office at Geneva to fulfil its

mandates more effectively. The Russian Federation had long been in favour of enhancing the status of the Office as a global centre for multilateral diplomacy and of bolstering its role in such areas as sustainable development, humanitarian issues, human rights, disarmament and natural disaster risk reduction.

30. At its seventy-second session, the General Assembly had not approved the Secretary-General's proposal to install ventilation and cooling systems and to implement flexible workplace strategies in the historic buildings, including the completion of the related feasibility study, detailed design work and a funding proposal. Her delegation had therefore been surprised to find in the Secretary-General's current report (A/73/395) proposals on the implementation of a flexible workplace. The Russian Federation was strongly opposed to the implementation of flexible workplace strategies in conjunction with the installation of ventilation and cooling systems, as the related construction processes would undermine the preservation of the heritage of the Palais des Nations. The plan should be carried out in accordance with the initial budgetary estimate approved by Member States and within established time frames. Her delegation noted with satisfaction the positive experience with the multi-year construction-in-progress account established within the regular budget for expenditures related to the plan.

31. The Russian Federation welcomed the changes in the management and oversight of the project and wished to receive additional information on the results of efficiency measures. It also wished to see a detailed list of the risks identified by the independent risk management firm commissioned for the project and to hear more about the Secretariat's plans to mitigate those risks, taking into account the recommendations of the Board of Auditors and the Advisory Committee. The procurement process for the plan must be carried out in strict compliance with relevant rules and resolutions of the General Assembly. Her delegation hoped that the impact of the slight delay in the project's implementation would be offset by future progress, and that the accessibility of the Palais would be improved.

#### Other matters

32. **The Chair** drew attention to a letter dated 13 November 2018 from the President of the General Assembly addressed to the Chair of the Fifth Committee, transmitting a letter from the Chair of the Sixth Committee concerning agenda item 147, Administration of justice at the United Nations (A/C.5/73/11).

*The meeting rose at 3.40 p.m.*