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

Report of the Secretary-General

Summary

The seventh annual progress report on the strategic heritage plan of the United Nations Office at Geneva is submitted pursuant to section VII of General Assembly resolution [74/263](#). It covers the period from 1 September 2019 to 31 August 2020 and provides details on the financial status of the project as at the end of July 2020 and an update on the activities undertaken since the sixth annual progress report of the Secretary-General ([A/74/452](#)). It contains the further information requested by the Assembly in its resolution [74/263](#) and previous related resolutions and provides updated information on the considerable project progress made during the reporting period, the ongoing impact of the coronavirus disease (COVID-19) pandemic and mitigation strategies, cost and schedule estimates, possible schemes of assessment, donations and alternative funding mechanisms.

During the first half of the reporting period, construction work was ramped up substantially and significant progress was made on the new permanent building and the temporary conference facility. In March 2020, the COVID-19 pandemic led to a suspension of work on construction sites in Geneva and a significantly slower and more costly mode of work once the sites reopened. While a number of successful mitigation actions have been taken, including a resequencing of renovation works to limit delays, the full impact of the pandemic on the project schedule and budget remains unknown. However, it is already clear that the cost of implementing new regulatory health and safety measures and the consequent reduced productivity on all work sites, combined with the additional overhead costs arising from the schedule extension and the forecast increase on the escalation allowance for building E will inevitably have a significant impact. Further value engineering measures to reduce costs and optimize scheduling are under assessment, but the full baseline scope is very unlikely to be achieved within the approved maximum overall cost of CHF 836.5 million. The Secretary-General appreciates the continued support of the Member States and is fully committed to undertaking mitigating strategies to minimize



potential cost overruns beyond the maximum overall cost approved by the General Assembly, which are outlined in the present report, and may present further proposals in that regard if and when necessary.

The General Assembly is requested to take note of the present report; decide on the scheme and currency of appropriation and assessment for the strategic heritage plan; approve the establishment of a multi-year special account for the project; request the Secretary-General to present, if and when necessary, options for mitigating the risk of cost overruns by proposing reductions in the scope of the project; endorse the implementation of the valorization strategy set out in annex IV to the present report and authorize the related preparatory costs, in the amount of CHF 2,800,000 for 2021 and 2022, to be funded from income section 2, General income, of the programme budget; approve the estimated requirements for the preparatory works of the valorization strategy and the corresponding reduction in total income estimates for 2021 in income section 2; and approve the proposed in-kind donation towards a new visitors' centre at the Palais des Nations.

I. Introduction

1. The seventh annual progress report on the strategic heritage plan project of the United Nations Office at Geneva is submitted pursuant to section VII of General Assembly resolution [74/263](#).
2. The present report summarizes the planning and construction-related actions accomplished between 1 September 2019 and 31 August 2020. The financial information contained herein is based on the available data as at 31 July 2020.

II. Update on project governance

A. Advisory Board

3. The Advisory Board held four meetings during the reporting period, in November 2019 and March, April and August 2020. Among the key issues considered by the Advisory Board during the period were the impact of the coronavirus disease (COVID-19) pandemic on the strategic heritage plan, business continuity, strategies for communications to stakeholders, project progress and financing and options for schemes of appropriation and assessment.

B. Steering Committee

4. The Steering Committee held five meetings during the reporting period, in October 2019 and February, April, June and July 2020. The Steering Committee continues to ensure the monitoring and assurance of project progress against the established timelines and budget and reinforces the requirement for close management of project scope and financial controls. Key issues taken up by the Committee during the reporting period included the impact of the COVID-19 pandemic on the project and suitable response measures, progress made, business continuity in respect of conferencing, transition planning, contractual claims, necessary revisions to the strategic heritage plan schedule and the management and mitigation of budget pressures.

C. Project assurance

1. Independent and integrated risk management

5. Risk management services continue to be provided in accordance with the project requirements under two distinctly separate functions: independent quarterly risk management reporting, which is provided to the governance levels independent of the project team; and integrated monthly risk management reviews that are carried out as an integral part of the work of the programme and project management teams. During the reporting period, an independent risk assessment of the impact of the COVID-19 pandemic on the project, including the project schedule and costs, was also prepared, to complement similar assessments conducted by the strategic heritage plan team. The relevant findings from the third and most recent report of the Board of Auditors on the strategic heritage plan ([A/75/135](#)) have also been incorporated into the risk management strategy for the project.

2. Board of Auditors

6. Since the previous reporting period, the Board of Auditors has continued to conduct several further extensive audit visits in respect of the strategic heritage plan.

Those visits were made to the United Nations Office at Geneva during the periods from 28 October to 15 November 2019 and from 13 to 31 January 2020 and to United Nations Headquarters in New York from 24 to 27 September 2019. The recommendations resulting from the visits made during the reporting period were published in the most recent report of the Board on the strategic heritage plan.

7. The most recent observations and recommendations by the Board of Auditors on the strategic heritage plan, and the status of their implementation, are summarized in annex III to the present report. As confirmed by the Board in its third report on the strategic heritage plan, all of the recommendations contained in the first report of the Board on the strategic heritage plan (A/70/569) and in its report on the United Nations for the year ended 31 December 2018 (A/74/5 (Vol. I), chap. II), have been either fully implemented or overtaken by events. One of the recommendations included in its report on the United Nations for the year ended 31 December 2016 (A/72/5 (Vol. I) and A/72/5 (Vol. I)/Corr.1, chap. II) and three of the recommendations in the second report of the Board on the strategic heritage plan (A/73/157) remain under implementation.

8. The next full audit visit to be undertaken by the Board of Auditors specialist external audit team is planned to be conducted from 26 October to 13 November 2020.

D. Management of the strategic heritage plan

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

10. In line with lessons learned from other ongoing capital projects undertaken by the Organization, in particular the capital master plan in New York, the Secretary-General continues to ensure that resource requirements at each stage of the project are based on a thorough review of actual and up-to-date needs on the ground and adjusts them as appropriate.

III. Progress

A. Status of activities

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

(a) Substantial progress on the new permanent building H, including the completion of structural works, significant progress on the installation of the façade, which is now nearing completion, and the substantial advance of masonry, waterproofing, partition, mechanical, electrical, plumbing and finishing works on the majority of floors;

(b) The successful finalization of the tender and the signing of the contract for the renovation of the 1930s historic buildings, in full compliance with the regulations, rules and relevant provisions of General Assembly resolutions governing procurement at the United Nations, and the near completion of the pre-construction services phase of the renovation of the 1930s historic buildings, which will result in a guaranteed maximum price proposal from the contractor, anticipated shortly after the end of the current reporting period;

(c) Substantial implementation of the early action works section to enable the renovation works to commence swiftly; this section of preparatory works includes the temporary site installation buildings, the contractor's compound and offices, the security screening area adjacent to the Chemin de Fer entrance and other temporary security buildings; the section also includes further detailed surveys related to the mechanical, electrical and plumbing services and initial furniture and staff moves in advance of the renovation works;

(d) The awarding of a contract to design, construct and maintain a temporary conference building comprising three 200-seat conference rooms to ensure the continuity of mandated conferencing activities throughout the duration of the renovation works. The construction was completed in July 2020 and the building was commissioned in August 2020;

(e) The awarding of contracts for the new furniture for building H and the specialist furniture required for those areas of the Palais des Nations within the scope of the strategic heritage plan where there is no existing furniture that can economically be reused; the furniture contracted facilitates the full implementation of flexible workplace strategies in the new permanent building H and their more limited implementation in the existing buildings;

(f) The issuance of a request for information seeking the views of potential contractors on the procurement and contracting strategy currently being formulated by the United Nations for the tender of the renovation of building E, which had been postponed during the COVID-19 pandemic lockdown period, to ensure that the construction market was better able to respond;

(g) The further refinement and optimization of the phasing strategy, in collaboration with the renovation contractor, to respond to impacts of the COVID-19 pandemic during the pre-construction services phase of the renovation of the historic buildings; and the updating of the logistical plans required for staff moves to and from the swing space created within the new building H and between the existing buildings at each stage of the renovation, to take into account the impact of new regulations to combat the COVID-19 pandemic and to resequence the works so as to continue to ensure business continuity, notably of the conferencing programme;

(h) The completion, and approval by the user departments, of a detailed handover procedure for all completed sections of work, beginning with the recently completed temporary conference building and subsequently for use on the forthcoming completion of the new permanent building, together with the development of a building manual for ongoing operations by the teams that will manage the completed buildings.

12. Despite the substantial progress achieved in the past year, most visibly on the new permanent building H and with the completion of the temporary conference building, further slippage in the programme has arisen, mainly as a result of the COVID-19 pandemic. The main direct and indirect impacts are as follows:

(a) The construction work on the new permanent building H was suspended on 20 March 2020 in accordance with an order from the local authorities that affected all construction sites in the Canton of Geneva. The new building contractor was

subsequently able to restart works on 29 April, but with reduced staffing and limited productivity, having implemented strict physical distancing measures and increased sanitary requirements. Progress of the work has also been slowed by disruptions to the contractor's supply chain. As at 31 August 2020, it was anticipated that completion of the construction was most likely to be achieved by the end of April 2021;

(b) The construction work on the temporary conference building was similarly affected by the order to close construction sites, with work ceasing on 20 March 2020 and not restarting until 8 May 2020, owing to the implementation of travel, border and quarantine restrictions across several European countries, preventing contractors' workforces from returning to the site; at that time, the building was within two months of completion. Following the recommencement of the site works, the building was completed in July 2020 and was commissioned in August 2020;

(c) Commencement of the renovation of the 1930s historic buildings has also been delayed during the pre-construction services phase by the COVID-19 pandemic, owing to the supply chain disruption and to delays encountered in tendering the works packages to the market and in obtaining sufficient responses to tenders to ensure the best value. As a result, agreement on the guaranteed maximum price for the works is expected to be achieved in autumn 2020, with the main renovation works forecast to start immediately afterwards. This delay will have an impact on the overall programme schedule and cost of the strategic heritage plan;

(d) Significantly increased health, safety, sanitary and social distancing restrictions imposed by the relevant authorities remain in place on all construction sites for the foreseeable future, which limits the level of productivity that can be achieved and increases costs for additional overtime working hours, overhead, equipment and facilities as compared with the situation prior to the start of the pandemic.

13. The United Nations has benefited significantly from the flexibility offered by the collaborative open-book methodology of the renovation contract for the Palais des Nations, enabling the Organization to work with the contractor to adjust the schedule so as to mitigate the impacts of the COVID-19 pandemic to the extent possible, while still upholding the imperatives of critical business continuity, in particular for conferences. The pre-construction period has been extended by four months as a result of the pandemic, but, under the most recent working programme for the renovation of the historic buildings, the overall schedule delay is foreseen as being contained to two months as a result of those efforts.

14. Nonetheless, it must be emphasized that the overall impact of the COVID-19 pandemic on the construction market and on related safety regulations continues to evolve and remains subject to a high degree of uncertainty, with the result that the forecast completion date may still change significantly. The Board of Auditors, in its most recent report on the strategic heritage plan ([A/75/135](#)), emphasized the need to avoid overoptimistic timeframes. The Secretary-General therefore stresses that it is no longer expected that all construction work can be finished by the middle of 2024. The overall planned schedule of the project now indicates that construction activities are more likely to extend into early 2025.

15. Project costs remain under tight control. Despite the additional site operation costs and lower productivity arising from COVID-19, it is expected that the completion of the new permanent building, including the additional cost for the implementation of flexible working strategies, will still fall within its original 2015 budget envelope (including the contingency allocation). Extensive work continues with the contractor for the renovations with regard to agreeing on a guaranteed maximum price for the renovation works within, or as close as possible to, the

pre-tender cost estimate. However, the additional overhead costs arising from the schedule extension, together with additional unbudgeted costs from previously realized risks such as the addition to the project scope of the building E lakeside façade (see A/72/521, sect. III.J) and the use of the remaining budget envelope for the new permanent building to implement flexible workplace strategies in that building (ibid., sect. III.C), mean that the probability of achieving the full baseline scope within the approved budget is now significantly reduced.

16. In response, the United Nations continues to conduct value engineering to meet the approved project scope objectives at a lower cost. The planned extension work to the seating area of the cafeteria in building A, for example, which would have increased seating capacity for delegates and staff, has been deferred; unless a substantial increase in demand above the levels seen prior to the outbreak of the pandemic is observed in the coming year, it is expected to be removed from the design altogether in order to increase the probability of meeting the core project scope objectives within the approved budget. Further possible mitigation strategies to address the remaining cost pressures are summarized in section IV.C of the present report. Projected cost estimates continue to be reviewed monthly and the cost plan is fully updated at all key deliverable milestones. Project risks continue to be extensively reviewed and analysed, and appropriate mitigation strategies continue to be developed and implemented.

17. An architectural rendering of the finished building H, as viewed from the direction of building E, is shown in figure I. Progress photographs of the new permanent building H construction site from the same angle, and of the interior of level 1, both dated 31 August 2020, are provided in figures II and III, respectively, to provide a visual demonstration of the progress achieved during the reporting period.

Figure I

Architectural rendering of completed new building H (expected to be completed in 2021)



Figure II
Exterior progress photograph of new building H site, 31 August 2020



Figure III
Interior progress photograph of level 1 of new building H site, 31 August 2020

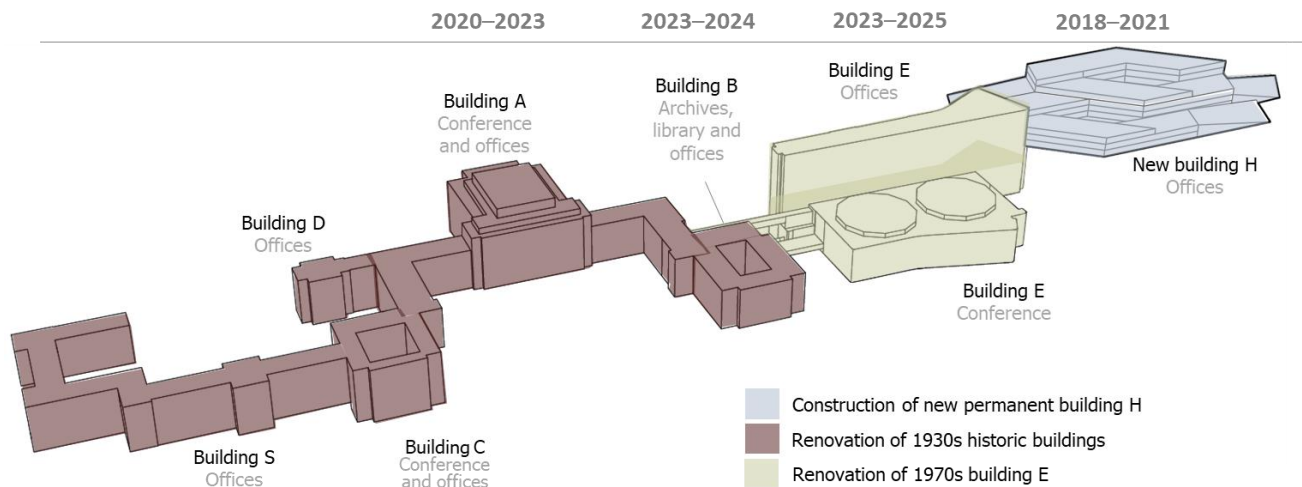


B. Contracting strategy

18. A schematic overview of the Palais des Nations buildings and the phases of the contracting strategy is shown in figure IV.

Figure IV

Schematic overview of Palais des Nations building complex and contracting strategy



19. On the basis of lessons learned from the successful tender process carried out in 2019 for the renovation of the 1930s historic buildings, including post-tender feedback from unsuccessful bidders and other construction industry consultations, it is intended that the completion of the technical design for building E will be included within the tender package for the renovation contract for that building. As building E will be tendered as a standalone construction site, the value of the contract will be more suited to the market capacity, which will encourage competition and greatly reduce the need for complex phasing of the work to ensure business continuity.

20. The intention is also to build on lessons learned and to employ an open-book approach, with a collaborative pre-construction services period running in parallel with and overlapping the technical design completion phase, as was successfully utilized for the procurement process and contract for the historic buildings renovation. Using that approach will ultimately make the tender process for the renovation of building E as attractive to the market as practicable and therefore provides the greatest likelihood of attracting competitive bids. Such a contracting strategy will also represent a lower risk to the United Nations, as it transfers the responsibility to coordinate between the design and construction teams to the main contractor and allows greater flexibility for adaptation should there be future disruptions caused by, for example, further waves of COVID-19 or significant value engineering initiatives. As the pre-construction period for the building E contract will include the full technical design phase, it is envisaged that the contract would cover a period of up to 12 months, as compared with 6 months for the renovation contract for the 1930s historic buildings.

21. Prior to the outbreak of COVID-19, the expression of interest phase of the tender had been advanced to the first half of 2020, so as to allow sufficient time to cater for unforeseen developments during the tendering process, thereby building on lessons learned from the procurement of the renovation contract for the 1930s historic buildings. However, the process was paused as a result of the disruption to the construction market due to the COVID-19 pandemic. The process resumed in June

2020 with the issuance of a request for information, seeking potential contractors' views on the procurement and contracting strategy that was being formulated by the United Nations. Following consultations with the industry, the expression of interest and pre-qualification steps in the process to select suitably experienced and qualified contractors for building E will be published on the United Nations Global Marketplace and advertised widely in order to attract as many suitable firms as possible and increase procurement opportunities for vendors from developing countries and countries with economies in transition.

C. Flexible workplace strategies and space efficiency

22. The project team has proceeded with the full implementation of flexible workplace strategies in the new permanent building. In the historic Palais buildings, the fact that ventilation and cooling will not be installed limits the degree to which open office spaces can be created; the predominant office environment will therefore continue to be housed within the existing layout, composed mostly of individual offices.

23. During the reporting period, the contracts for furniture were signed within the budget allocation, after extensive staff engagement in the assessment and selection of new furniture items proposed for building H and the specialist furniture required for the newly formed areas within the existing buildings where there was no existing furniture to reuse.

24. Heritage preservation and restoration remain key objectives of the strategic heritage plan and will continue to be carefully and resolutely applied, using the services of experts both within the strategic heritage plan team and from the host country authorities.

25. During the reporting period, the COVID-19 pandemic led the United Nations Office at Geneva, in common with many other duty stations and organizations worldwide, to pursue a policy of temporary de-densification of offices for public health imperatives. That has included setting limits on the number of occupants in each room; putting in place social distancing measures, including not using certain workstations in order to spread out occupants and thus reduce potential transmission of the virus; maintaining an assigned-desk policy in open spaces; and implementing teleworking for a proportion of the staff, resulting in significantly reduced occupancy. Assuming the risks of transmission of COVID-19 remain high for the foreseeable future, it may also be appropriate to apply comparable distancing and assigned-desk measures when the new permanent building is first occupied and until the situation changes. The Office continues to work with United Nations medical experts and specialized design and engineering consultants to find a sustainable solution, taking into account evolving best practices in office management, and to optimize the short-term investments to maximize their long-term benefit.

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

26. In the first annual progress report of the Secretary-General ([A/68/372](#)), the final capacity of the renovated Palais des Nations buildings was projected to be 3,507 occupants and workspaces. With the adoption of flexible workplace strategies in the new permanent building, the total number of workspaces will be reduced, in order to create space for the collaboration areas and support nodes that are needed for more effective flexible working conditions. However, with the application of a flexible workstation policy in the new building once the risks associated with the COVID-19 pandemic have subsided, the current forecast indicates that it will ultimately be

possible to allocate a higher total number of occupants than initially planned, as shown in table 1.

Table 1
Projected number of workspaces and occupants

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

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

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

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

27. Of the maximum occupant capacity of 3,648 shown in table 1, the most recent staffing projections result in an allocation of 3,422 occupants, with a potential remaining capacity for 226 occupants from additional tenants and new mandates of the General Assembly. Of the maximum 3,414 projected workspaces, 3,274 are currently allocated. Those figures will inevitably change before the end of the strategic heritage plan project as the size of individual entities based in the Palais des Nations fluctuates over the intervening years. Sufficient capacity also needs to be retained during the renovation works to cover the phased closure of individual buildings. Nonetheless, it can be predicted that the maximum overall allocated occupant capacity of the Palais compound, once the renovation is complete, will exceed that originally forecast, once COVID-19 mitigating measures have ended.

Attracting additional United Nations entities to the Palais des Nations

28. The Secretary-General continues to engage actively with other United Nations entities with a presence in Geneva to encourage them to move to the Palais des Nations, where they would benefit from a central location, shared amenities, greater security and other operational efficiencies and mandate synergies. The United Nations Development Programme, the United Nations Environment Programme, the United Nations International Computing Centre, the United Nations Joint Staff Pension Fund, the United Nations Office for Project Services and the World Food Programme have all expressed interest in being accommodated within the Palais campus. Where further space is available, entities would be expected to apply the same flexible workplace strategies implemented in the building(s) that they would occupy. According to the Secretariat's current and projected office space requirements, there

is a high probability that the demand for office space at the Palais will continue to significantly exceed supply.

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

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

30. During the reporting period, the temporary conference building located near the Nations Gate of the Palais des Nations, in close proximity to extensive public transport connections, was completed. The temporary building itself provides for a number of different accessibility features, such as sign language interpretation; one wider row in each conference room to make tables more accessible for wheelchair users; speaker podiums accessible by ramps; and designated male and female restrooms for persons with disabilities.

31. The furniture procured for the project meets or exceeds the norms of the host country wherever practical. The designs of the strategic heritage plan remain pragmatic and solution-oriented, with emphasis placed on delivering the greatest accessibility for persons with disabilities while balancing that aspect with other project objectives, including the preservation of the heritage of the Palais. Examples of planned interventions during the renovation phase include increased space available for wheelchair users in conference rooms and improvements in audiovisual technology, such as Braille indications on the function of buttons on the panels. Some conference rooms will include the capacity for sign language interpretation to be provided in two languages. Accessible pathways will be indicated from public transport connections to the main Palais des Nations gates, and from there to accessible entrance doors and between buildings, with signage in key areas enhanced to ensure that it is easy to see or can be read in Braille. Office and amenity layout will also be adapted.

E. Sustainability and reduction of energy consumption

32. As previously reported, the environmental impact of the new permanent building is being monitored to guarantee a performance level equivalent to that of the internationally recognized Leadership in Energy and Environmental Design Gold certification standard. Furthermore, the new permanent building and the existing buildings of the Palais des Nations, following their renovation, have already been granted a provisional certificate by Minergie, a Swiss environmental certification programme for low-energy-consumption buildings.

33. One of the core objectives of the strategic heritage plan is to lower the energy consumption of the Palais des Nations by at least 25 per cent, compared with the 2010 baseline, as stated in the report of the Secretary-General dated 8 August 2011 (A/66/279, para. 11 (c) (iv)). Several different components of work have contributed to the achievement of that objective, chiefly the replacement of most of the windows with more modern and efficient versions prior to the commencement of the strategic heritage plan construction and renovation works. Noting the impact of the window replacement, the Board of Auditors recommended that the baseline be updated to the date of approval of the strategic heritage plan scope by the General Assembly in December 2015. An alternative calculation methodology has been developed and

shared with the Board to determine the remaining improvements required to achieve the original 25 per cent increase on the 2010 baseline during the period between the approval and completion of the strategic heritage plan scope. Those revisions, inter alia:

(a) Resulted in an adjustment to the baseline energy consumption to take into account only the main buildings of the Palais des Nations, and not the Giuseppe Motta and Palais Wilson buildings, despite the fact that the leases on the latter two buildings and their associated energy costs will cease at the end of the strategic heritage plan project, when the current occupants are relocated to the Palais compound;

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

(c) Provided updated calculations for the new permanent building H for the lower expected energy consumption as a result of the application of flexible workplace strategies.

34. The Secretary-General emphasizes that excluding the savings that will be achieved by moving the Office of the High Commissioner for Human Rights out of the Giuseppe Motta and Palais Wilson buildings from the 25 per cent target will lead to increased overall savings relative to the 2010 energy footprint of the Organization. Although challenging, the United Nations Office at Geneva believes that those ambitious targets can be achieved by delivering the renovation in accordance with the baseline design.

35. It is also noted that the calculations made to arrive at the 2015 revised baseline were complex, with the result that final agreement on the exact revised baseline could not be reached with the Board at its last visit, despite the significant progress made and acknowledged by the Board in its most recent report (A/75/135). The 2015 revised baseline figure is expected to be finalized with the Board during its next visit.

F. Information and communications technology, broadcast and congress systems

36. Coordination efforts with local and global stakeholders have continued during the reporting period. In addition, the procurement and contracting strategy continues to ensure interoperability of the existing equipment so that all conference rooms are able to provide an equally elevated level of service. Interventions have been coordinated with all stakeholders and users to ensure that the heritage issues of individual rooms and other specific requirements are considered in the renovation strategy.

37. The additional challenges posed by the COVID-19 pandemic have further accelerated initiatives already under way to expand the use of remote participation technology for conferences. The United Nations Office at Geneva has achieved considerable success in maintaining the continuity of conferences using both remote and hybrid (part remote and part in-person) formats, with the first hybrid meeting of the Secretariat held on 12 June 2020. Furthermore, the information technology and audiovisual systems of the United Nations in Geneva have successfully withstood the extreme stress test of supporting remote working by all users of the Palais des Nations during lockdown periods. The baseline design of the strategic heritage plan already allowed for a significant increase in network infrastructure to support future development of technology. During the reporting period, the design of the broadcast and congress systems was further updated, in collaboration with the renovation

contractor as part of the pre-construction services, to support the adoption of new audio and video technologies that are becoming available on the market, within the budget allowance.

G. Fire and life safety

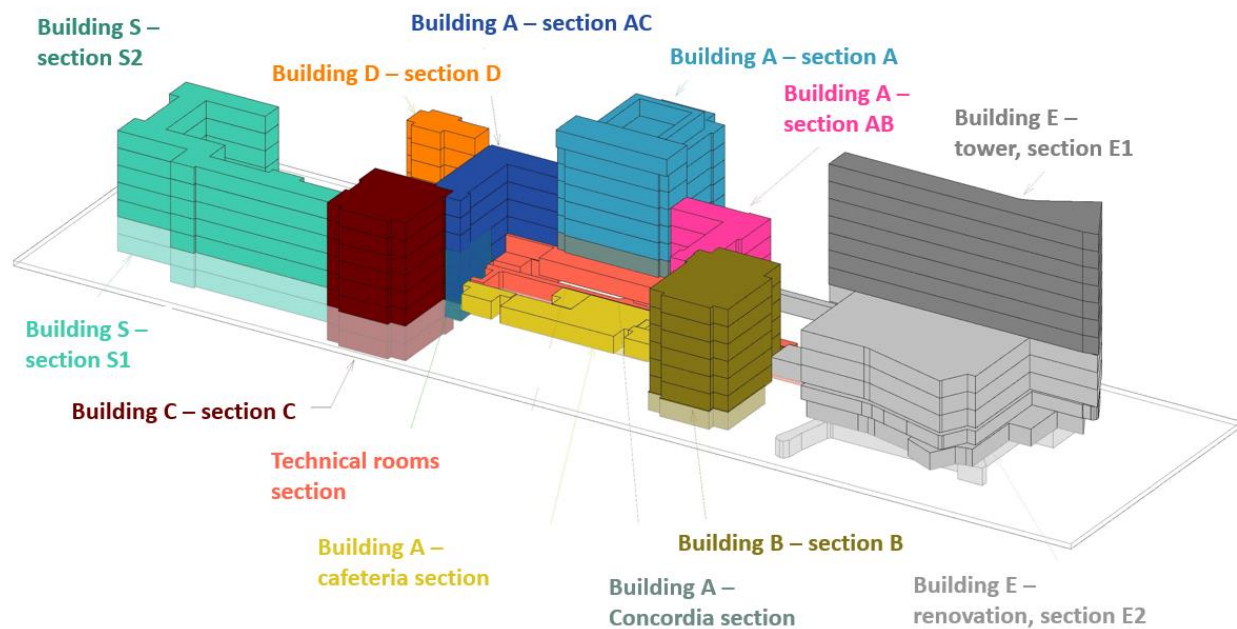
38. As previously reported, the existing historic buildings will be renovated to comply with the host country fire regulations and building codes while ensuring that the heritage aspects of the Palais des Nations are also considered, in order to find the optimal balance between those two sometimes competing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

39. During its most recent audit visit, the Board of Auditors asked whether the approved number of fire exits in the new permanent building was sufficient to meet Swiss building codes. The Secretary-General is determined to deliver a safe and code-compliant building and, therefore, notwithstanding the approval already given by the relevant authorities, the fire expert in charge of certifying the building on behalf of the host country authorities was asked to further review the solution and has reconfirmed the approval of compliance with the relevant standards.

H. Business continuity

40. During the reporting period, stakeholder requirements and business continuity constraints affecting the planning of the renovation works have been incorporated into the detailed implementation plan prepared by the renovation contractor as part of the pre-construction services phase. Extensive stakeholder engagement has been conducted with the Division of Conference Management, with regard to conference continuity, and with entities who will be moving during the first swing-space phase, to address in detail their business continuity requirements for the moves. During the reporting period, more than 150 meetings were held with various stakeholders regarding business continuity. Combined with a ramp-up in internal communications on the works and schedule of the strategic heritage plan, those processes have further sensitized the various entities located in the Palais to the need to plan for the upcoming impacts on business. Business disruptions will continue to be mitigated as far as is economically practicable during the construction phase of the renovation works, through the institution of temporary measures. The updated sections of work for the renovation of the existing buildings are shown in figure V.

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



41. One of the impacts of the COVID-19 pandemic has been the need to revise, update and rephase the previously planned sections of work, in particular those related to the conference areas of building A, so as to respect the business continuity requirements of the mandated conferencing programme, and that related to building S, which has now been split into two sections. In collaboration with the renovation contractor, a solution has been agreed upon to enable the schedule for the three distinct subphases of building A to be rephased and sequenced, thus mitigating the potential for significant delay arising from this aspect.

42. Furthermore, the physical distancing rules that are in place for conference participants have reduced the capacity of all of the conference rooms in the short and medium term, illustrating the additional risk-mitigating value of the investment in additional conference room capacity that has been provided through the temporary conference building. The temporary conference building, which was described in the previous report of the Secretary-General ([A/74/452](#)), was successfully completed and commissioned during the reporting year.

43. In its resolution [69/262 A](#), the General Assembly encouraged the Secretary-General to continue to explore the possibilities for the reuse of the existing furniture and to report thereon in the context of future progress reports. After study, the construction of a temporary storage facility was found to be the most cost-effective solution for ensuring the secure moving and storage of valuable furniture and heritage items while maintaining essential facilities and security operations. Value engineering work is being conducted with the contractor with the aim of absorbing this cost into the overall envelope budgeted for the renovation contract.

I. Risk management

44. Risk management has been firmly incorporated into the overall management approach to the project. The project team is continuously identifying the risks to achieving the required time and cost performance and actively managing their impacts. That focus has mitigated a number of major risks, for example by adding a pre-construction services phase to the renovation contract to ensure that competitive bids could be received and a guaranteed maximum price agreed upon; the pre-construction services phase has also allowed the United Nations to resequence the sections of work in order to mitigate the majority of the impacts of some of the delays caused by the COVID-19 pandemic. The independent risk management firm produces independent risk analyses of the project performance that pre-emptively identify the potential for overspend and delay. The assessment of the risk management firm is that the management of risk is mature and working effectively for a project of this complexity within such an environment.

45. In addition to its work with the project team, the independent risk management firm has continued to report independently and directly to the project owner. To date, more than 440 risks have been identified on the project risk register, and 223 currently remain open; on average, 10 risks were either added to or removed from the risk register every month between January 2015 and August 2020. New risks are captured monthly in conjunction with the integrated risk management strategy; it is expected that the average rate may accelerate when work begins on the renovation of the historic buildings. Through the application of the professional risk management approach, risks are mitigated throughout the year until they have been either accepted, avoided, removed, closed or retired following the completion of design, procurement and construction stages.

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

(a) The impact of contractor claims and governmental restrictions on construction activities and productivity of workforces as a result of the COVID-19 pandemic;

(b) Changes in business requirements in the course of the project;

(c) Design errors and omissions in contracted works;

(d) The potential for the guaranteed maximum price of the renovation contract, which will be determined at the end of the pre-construction services phase, to be delayed or to vary significantly from the estimated cost;

(e) Potential delays or claims for additional costs above the agreed contract price from the contractors for the new permanent building or for the subsequent renovation works;

(f) Uncertainty with regard to the price to be obtained from the market through the upcoming procurement process for the renovation of building E;

(g) The risk of disruption to the schedule from complications in the move logistics and business continuity requirements.

The team continues to closely monitor and implement mitigation actions to control those and all other project risks.

47. United Nations construction projects are assigned an established “P80” benchmark target for measuring risk on a given project, which means that the project team would ideally strive to have an 80 per cent confidence level that the project will

be completed on schedule and within budget. The risk contingency forecasts provided by the independent risk management firm use an assessment of the probability of individual risks, together with the likely range of costs and schedule impact of each of the identified risks, to calculate the probabilistic recommended level of the contingency provision required at the P80 confidence level to complete the full scope of the project and achieve all the identified project benefits and objectives.

48. Since the third annual progress report of the Secretary-General ([A/71/403](#) and [A/71/403/Corr.1](#)), the approach taken to calculate the contingency provision has remained consistent. To ensure full accountability and transparency, it has been applied in such a way as to identify the level of risk exposure within each of the buildings and across each specific phase of the project, and corresponding contingency amounts have then been assigned. Where the combined total of the core costs (construction, design and consultancy, associated costs and project management) and the contingency required at the P80 confidence level would exceed the budget of CHF 836.5 million approved by the General Assembly, additional mitigation actions are taken so as to ensure that the project remains within the approved budget envelope. The process, together with the impacts on contingency resulting from the COVID-19 pandemic, is described in more detail in section IV.C of the present report.

J. Project schedule

49. The latest programme schedule has been updated to reflect both the progress of work achieved during the reporting period and the preliminary estimate of the most likely of the various potential scenarios that have been analysed with respect to developments arising from the COVID-19 pandemic. These scenarios are under constant review as events develop.

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

(a) Finalization of pre-construction services, determination of and agreement on the final guaranteed maximum price and commencement of the renovation works for the 1930s historic Palais buildings in autumn 2020;

(b) Substantial completion and occupation of all sections of the new building H by early 2021;

(c) Preparation of tender documentation and procurement activities for the main contract for phase 2.2, renovation of building E works, during 2020 and 2021;

(d) Appointment of a contractor for phase 2.2 and commencement of pre-construction services, including technical design completion, during 2022;

(e) Completion of the major subphase of the 1930s historic buildings (buildings A, C, D and S1) between 2020 and 2022 and commencement of final subphase (buildings B and S2) during 2023;

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

(g) Warranty closeout period following completion of works to reflect activities of post-completion assessments and post-occupancy evaluations, release of retention, seasonal commissioning of building services and other quality and financial closeout activities during 2025 and early 2026.

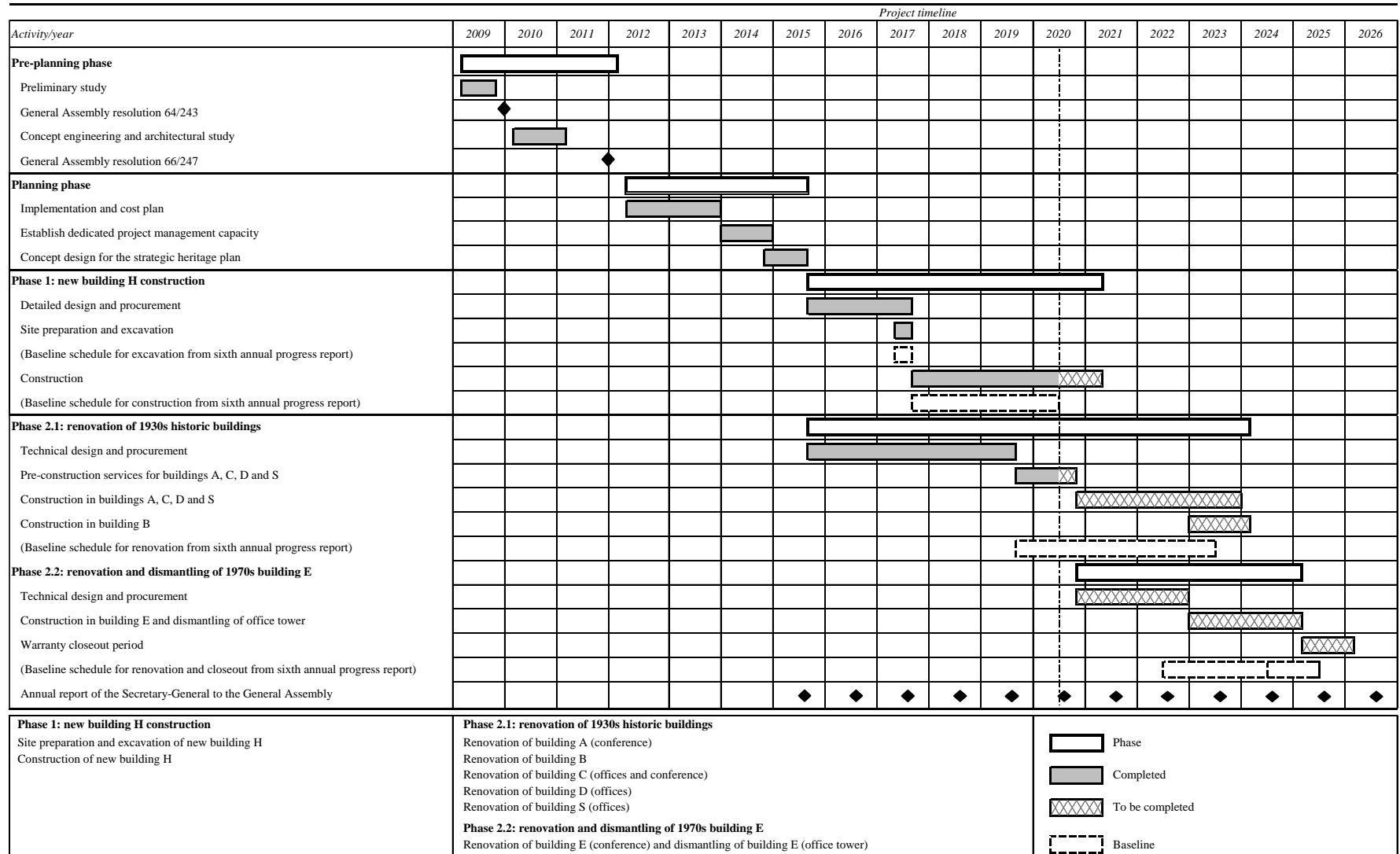
51. Owing to the impacts of the COVID-19 pandemic, including the impact on site activities and productivity resulting from the public health restrictions put in place and the related economic conditions, the delivery date envisaged in the previous annual report for the new building H has been delayed to early 2021. The strategic

heritage plan is working with the contractor to mitigate that delay to the maximum extent possible.

52. The schedule for the pre-construction services and construction phases for the renovation have also been affected by the pandemic. The renovation works are now projected to start later in 2020, and the revised programme includes an extension of the duration of the first sections of works owing to the additional regulations on physical distancing and hygiene. The United Nations has taken full advantage of the flexibility afforded by the contract and the pre-construction services period to resequence the earlier sections of work in collaboration with the contractor, so as to mitigate the overall impact on schedule and budget. Work continues with the contractor to finalize and agree on the guaranteed maximum price and schedule and to mobilize the work force as quickly as possible within the constraints of robust health and safety management.

53. It must be emphasized that the situation related to the pandemic remains highly fluid and that travel restrictions affect the supply logistic flows of goods, services and people. The risks of a second wave of COVID-19 cases leading to further restrictions or of economic impacts related to the pandemic, for example, mean that there remains a high degree of uncertainty with regard to the final definitive impact on the strategic heritage plan schedule and cost. The United Nations Office at Geneva, in conjunction with the risk management firm, continues to analyse and update a number of possible scenarios with potential delays to the overall project schedule ranging between 2 and 12 months. It is emphasized that the level of certainty for the schedule assumptions is only low to moderate, given that the global pandemic is still ongoing.

Figure VI
Project schedule



K. Costs

54. As in previous progress reports of the Secretary-General, table 2 shows the latest revised cost plan, reflecting the current project progress and the forecast of remaining costs to achieve the approved project scope. This cost plan continues to be based on the approved maximum budget of CHF 836.5 million, as all currently forecast costs up to completion, including a preliminary estimate of the range of potential cost impacts resulting from the COVID-19 pandemic, remain within that approved maximum budget. However, as noted in paragraph 15 above and described in section IV.C below, the approved maximum budget is now very unlikely to be sufficient to achieve the full approved project scope as currently designed, and the high degree of uncertainty with regard to the eventual cost impacts of the pandemic makes it difficult to forecast the total shortfall precisely. The proposed mitigation strategy is described in detail in section IV.C.

Table 2
Projected summary cost plan for strategic heritage plan project, 2014–2026

(Thousands of Swiss francs)

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	Total
Construction of new building	–	–	–	10 599	27 612	30 485	39 107	13 785	–	–	–	–	–	121 588
Renovation works	–	–	–	–	75	12 464	11 512	104 021	114 065	119 413	81 308	6 400	–	449 258
Dismantling seven floors of building E	–	–	–	–	–	–	–	–	–	9 021	8 898	741	–	18 660
Associated costs	–	–	–	316	1 005	262	2 358	7 173	7 695	3 174	4 205	447	–	26 635
Consultancy services	1 705	23 685	36 857	9 096	16 073	11 765	11 489	5 650	21 553	7 789	5 584	1 882	708	153 836
Project management	1 268	2 890	3 981	4 002	3 688	4 040	4 129	4 104	3 979	3 680	3 497	1 910	269	41 437
Escalation	–	–	–	–	–	–	–	74	577	3 744	4 516	540	48	9 499
Subtotal	2 973	26 575	40 838	24 013	48 453	59 016	68 595	134 807	147 869	146 821	108 008	11 920	1 025	820 913
Contingencies	–	–	–	–	–	–	1 673	2 508	2 836	4 401	3 478	323	22	15 241
Escalation on contingencies	–	–	–	–	–	–	–	2	18	139	169	17	1	346
Total	2 973	26 575	40 838	24 013	48 453	59 016	70 268	137 317	150 723	151 361	111 655	12 260	1 048	836 500

55. The updated cost estimate for the core costs of the project, namely, the costs excluding contingencies, stands at CHF 820.9 million, which is CHF 22.5 million higher than forecast in the previous annual progress report. This increase is caused primarily by the impact of the COVID-19 pandemic, for which the preliminary estimate is of a total cost increase in the range of CHF 19.5 million to CHF 36.1 million. This impact is partly offset by a reduction in the projection for escalation allowances for future periods as a result of contracting the historic building renovation works at current market prices during the reporting period.

56. Actual cumulative project expenditures for the period from 2014 to 31 July 2020 amount to CHF 251.5 million, and the projected expenditures for the remainder of 2020 are estimated at CHF 20.6 million, as shown in tables 3 and 4. Further breakdowns

of costs by type for each funding source are presented in tables A.I.1, A.I.2 and A.I.3 in annex I.

Table 3
Approved total funding and projected expenditures for 2014–2020, by funding source

(Thousands of Swiss francs)

Funding source	(A)	(B)	(C)	(D = B+C)	(E)	(F = D/E)
	Funding 2014–2020	Expenditures as at 31 July 2020	Projected expenditures August– December 2020	Total projected expenditures 2014–2020	Approved budget in 2015 ^a	Budget completion rate (percentage)
Cumulative approved Member State funding	173 556.4 ^b	141 666.7	10 849.9	152 516.6	436 500.0	34.9
Cumulative projected Swiss loan funding	119 408.8	109 671.4	9 737.4	119 408.8	400 000.0	29.9
Cumulative other funding	210.5	210.5	–	210.5	–	–
Total	293 175.7	251 548.5	20 587.3	272 135.9	836 500.0	32.5

^a See General Assembly resolution 70/248 A.

^b Cumulative approved Member State funding is stated net of CHF 2,501,430 for the first instalment of the loan repayment. The funding for the loan repayment was included in the total appropriated amount of CHF 36,505,200 for 2020 set out in section VII of General Assembly resolution 74/263, but the repayment itself is reported under section 33, Construction, alteration, improvement and major maintenance, of the proposed programme budget for 2020, in accordance with that resolution.

Table 4
Approved total funding, projected expenditures and contingencies for 2014–2020, by cost category

(Thousands of Swiss francs)

Cost category	(A)	(B)	(C)	(D = B+C)	(E)	(F = D/E)
	Funding 2014–2020	Expenditures as at 31 July 2020	Projected expenditures August– December 2020	Total projected expenditures 2014–2020	Approved budget in 2015 ^a	Budget completion rate (percentage)
Construction and refurbishment	163 722.9	117 157.2	15 976.5	133 133.7	609 651.9	21.8
Design, consultancy and contracted external expertise	93 802.9	110 120.5	914.1	111 034.6	127 307.7	87.2
Associated costs	8 784.9	1 723.6	2 246.0	3 969.6	58 366.7	6.8
Project management team and operational expert team	26 365.5	22 172.5	1 430.8	23 603.3	40 373.9	58.5
Travel	499.6	374.7	20.0	394.7	799.8	49.3
Total	293 175.7	251 548.5	20 587.3	272 135.9	836 500.0	32.5

^a See General Assembly resolution 70/248 A.

57. Cumulative expenditures against assessments on Member States amount to CHF 141.7 million as at 31 July 2020, and projected cumulative expenditures against that funding source until the 2020 year-end are currently forecast at CHF 152.5 million, as indicated in table A.I.1 in annex I. That would yield an expected year-end balance from appropriation and assessment on Member States of approximately CHF 21.0 million, reflecting primarily the delay to the commencement of the

renovation works noted in section III.J above. The actual year-end balance may vary depending on whether the contingency allowance will be further used by the end of 2020.

58. In his previous progress report, the Secretary-General indicated that the cumulative approved funding expected to be drawn from the Swiss loan by the end of 2020 amounted to CHF 140.4 million. Owing to the slower progress of both the construction of the new permanent building as well as the delay to the commencement of renovation works, primarily as a result of the COVID-19 pandemic as described in section III.J above, the expected cumulative forecast expenditures at the end of 2020 against the Swiss loan amount have been reduced to CHF 119.4 million, as indicated in table A.I.2 in annex I.

59. Cumulative expenditures against other funding sources relate to the funding from voluntary donations received from Andorra, China, Monaco and Montenegro, as indicated in table A.I.3 in annex I. Projected cumulative expenditures of CHF 0.2 million at the end of 2020 relate to design activities funded by those donations.

IV. Financing

A. Host country loan agreement

60. During the reporting period, the majority of the funding for the new permanent building continued to be drawn from the host country interest-free loan. The Secretary-General reiterates the appreciation of the United Nations for the support of the host country with respect to the strategic heritage plan, as well as the commitment of Member States to the funding of the strategic heritage plan through both direct assessments and future repayments of the loan. In the fourth annual progress report of the Secretary-General ([A/72/521](#)), the loan package of CHF 400 million was forecast to be assigned to the new building and renovation works at the estimated amounts of CHF 125.1 million and CHF 274.9 million, respectively. The final assignment values of the loan can only be determined once the actual costs for the new building are fully known, upon completion of that phase of the project. Any remaining balance from the new building loan portion will be applied to the renovation of the existing buildings at that stage, if applicable, in accordance with the loan agreement.

B. Detailed host country loan repayment plan

61. According to the latest project schedule, the 50-year loan repayment for the loan portion applied to the new permanent building H will now begin only on 31 December 2021, the date of the end of the expected calendar year of the handover of the new building. Because of the effects of the COVID-19 pandemic described elsewhere in the present report, the estimated handover date has slipped from 2020 to 2021 since the previous progress report of the Secretary-General. The repayment of the renovation portion of the loan will start at the end of December in the year of handover of the renovated historic buildings.

62. The General Assembly, in its resolution [73/279 A](#), emphasized the commitment of Member States that the annual repayments of the loans to the host country would be effected in a full and timely manner. The Assembly also decided, in its resolution [74/263](#), that the annual repayments of the loans to the host country would be funded under the regular budget until decided otherwise by the Assembly. In that context, loan repayments have been included in the proposed programme budget for 2021 under section 33, Construction, alteration, improvement and major maintenance.

C. Contingency management

Methodology

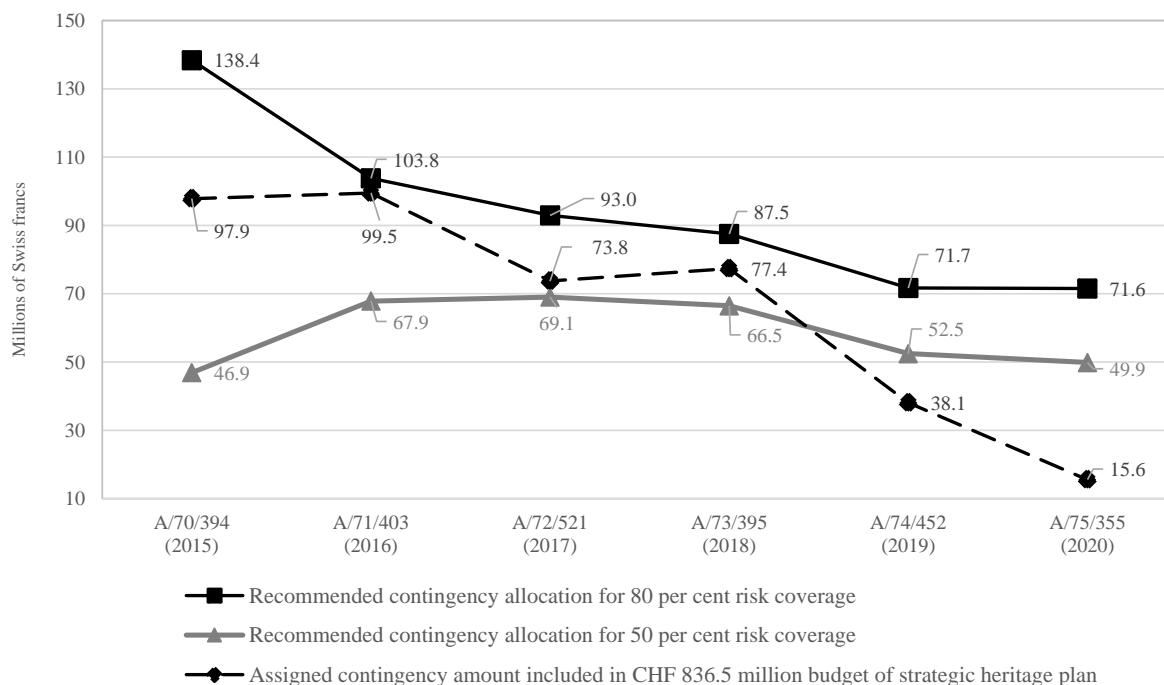
63. As described in previous progress reports, contingency management for the project continues to be based on the risk-based contingency forecasts provided by the independent risk management firm as described in section III.I above. That risk-based approach is in line with industry best practice and was also recommended in the document entitled “Lessons from the United Nations Capital Master Plan”, a paper by the Board of Auditors dated December 2014.

64. The model used by the project therefore recalculates the required contingency each quarter according to a sophisticated risk modelling technique using the Monte Carlo simulation method and specialized software, based on an extensive list of risks together with a range of cost possibilities and a probability of occurrence. The list is reviewed and updated quarterly, and the model runs thousands of simulations of possible combinations of outcomes to provide a probabilistic estimate of the contingency required at different confidence levels. The chosen industry benchmark level for the project is to allow for a contingency allocation sufficient to cover all the possible risk and uncertainty combinations at a confidence level of 80 per cent.

Analysis

65. The most recent risk model projects a risk exposure at the P80 confidence level of CHF 69.2 million (CHF 71.6 million, including escalation), a decrease of CHF 0.1 million, including escalation, compared with the sixth annual progress report. The available contingency included in the current cost plan is the difference between the CHF 836.5 million project envelope and the latest forecast of project core costs, including escalation. For the period 2020–2026 that amounts to CHF 15.6 million, as depicted in figure VII, which means a 4 per cent probability of being sufficient, according to the risk model, in the absence of any further mitigation actions.

Figure VII
Trend of available and probabilistic contingency

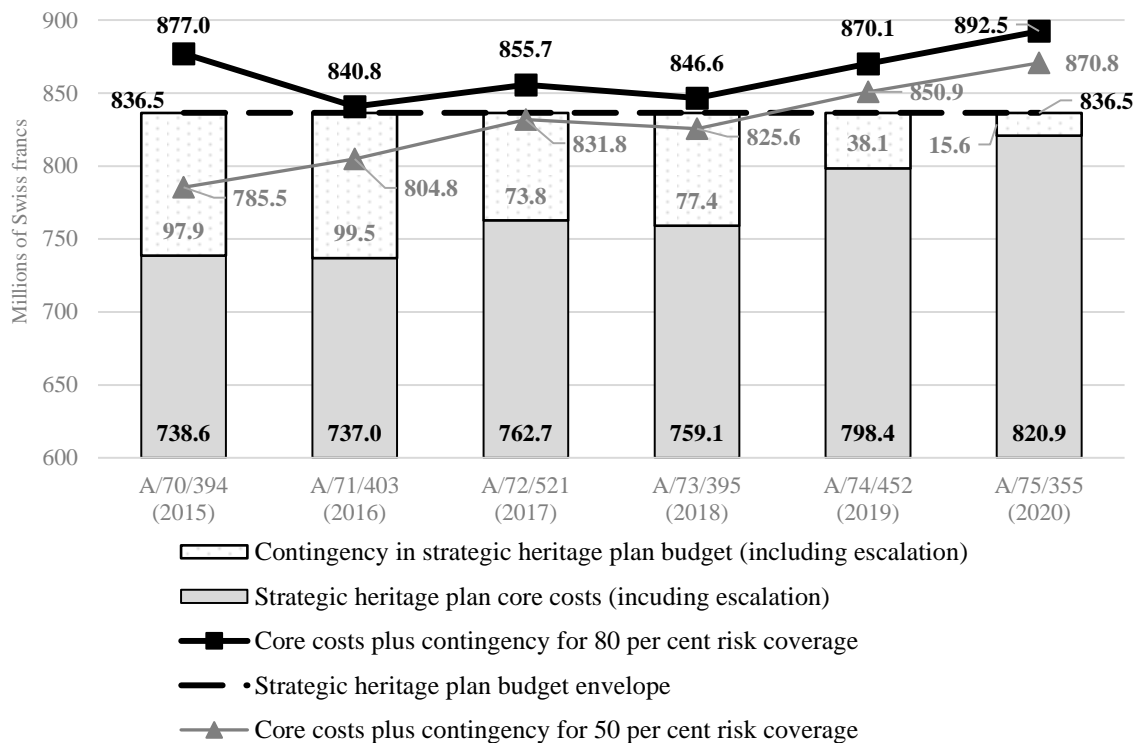


66. The Board of Auditors recommended in its second report on the strategic heritage plan (A/73/157) that the contingency should be calculated and reported at the P80 level of confidence in the cost plan included each year in the annual progress report of the Secretary-General, even if that means that the cost plan would exceed the project envelope of CHF 836.5 million. Figure VIII presents, by year, the forecast core costs (including escalation), the contingency available within the budget envelope of CHF 836.5 million and the total project costs if the contingency were set at the level required to achieve a P80 level of confidence.

67. As noted in section III.J above, the full impact of the COVID-19 pandemic is still subject to a high degree of uncertainty, with potential delays to the overall schedule ranging between 2 and 12 months. This translates to a total cost increase in the range of CHF 19.5 million to CHF 36.1 million, but the level of certainty for these assumptions is only low to moderate.

68. The resulting forecast of the total budget required to achieve a P80 level of confidence is CHF 892.5 million, CHF 56.0 million (6.7 per cent) higher than the approved budget. The primary reasons for this gap are the impacts of the COVID-19 pandemic; the addition to the project scope of the building E lakeside façade (see A/72/521, sect. III.J); the use of the remaining budget envelope for the new permanent building to implement flexible workplace strategies in that building (ibid., sect. III.C); and the impact on the schedule of the adaptation of the contracting strategy to include the time required for a pre-construction services phase prior to starting construction (section III.A above).

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



Mitigation strategy

69. The mitigation strategy prior to the outbreak of the COVID-19 pandemic, as explained in the previous report of the Secretary-General, was to take advantage of

the pre-construction services phase of the renovation contract for the historic Palais buildings (which represents approximately 50 per cent of the value of the construction works) to gain accurate market information on the cost of each area of work and to utilize the experience and market position of the contractor to identify further value engineering opportunities.

70. The outbreak of the pandemic has resulted in the need to refine the strategy to mitigate the further additional cost impact arising from this new and unforeseen event. The fact that the outbreak occurred during the pre-construction services phase has been opportune inasmuch as it has enabled the United Nations to mitigate the negative impact on the schedule more easily. The cost of implementing new regulatory measures and the impact of reduced productivity on the work sites, combined with the additional overhead costs arising from the schedule extension of 2 to 12 months and the forecast increase on the escalation allowance for building E, mean that the probability of achieving the full baseline project scope of the strategic heritage plan within the approved budget has been very significantly reduced.

71. The Secretary-General intends to identify, prioritize and implement sufficient value engineering solutions to meet the approved project budget. The following criteria are proposed to prioritize among the value engineering options available, with the objective of scaling down specific planned interventions, while leaving open the possibility of completing them at a later date, through voluntary contributions or other partnerships. Ideally, measures to be taken should:

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

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

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

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

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

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

72. The Secretary-General also stresses that the timing of decisions concerning potential value engineering measures is critical. Technical feasibility assessment studies are required to ensure that options prioritized under the criteria listed above can actually realize the savings initially estimated, while fully respecting building and safety code requirements. The feasibility assessment process is likely to require several months and was in progress at the time of writing the present report. The prioritization process will be led by the project owner, with guidance from the Steering Committee, and the resulting significant actions and recommendations will be set out in future progress reports. The present report does not include any proposal for project scope reduction. The Secretary-General may, if and when necessary, propose scope reductions for consideration and approval by the General Assembly, in order to mitigate the risk of cost overruns.

Use of contingency

73. As noted above, the risk management model allows clear visibility, in advance, of whether the contingency allowance is likely to be sufficient for the entire project, so that cost pressures are not hidden and contingency shortfalls do not come as a surprise at the end of the project. It follows that there is a difference between the contingency that is forecast to be required for the total life of the project and the amount of contingency that has actually been expended to date. In total, CHF 24.2 million of contingency has been used in 2020, primarily in respect of services from the contractor and the design firm during the pre-construction phase (CHF 10.0 million, including committed costs of the schedule extension resulting from the COVID-19 outbreak), the temporary conference building (CHF 6.9 million), the temporary facilities and storage buildings (CHF 3.4 million), variations related to the new permanent building as a result of developments on site (CHF 1.9 million) and additional design costs (CHF 1.7 million) resulting in part from the COVID-19 outbreak. As shown in figure VIII, the forecast of the final project core costs (including escalation) rose from the approved project baseline of CHF 738.6 million to CHF 820.9 million, which represents an increase of CHF 82.3 million. Of the contingency amount included in the estimated project cost that was presented in the second annual progress report of the Secretary-General ([A/70/394](#) and [A/70/394/Corr.1](#)), the total actually committed and used to date is CHF 33.2 million. That represents the sum of CHF 24.2 million for 2020 and the total of CHF 9.0 million reported for 2016, 2017, 2018 and 2019 in the sixth annual progress report of the Secretary-General ([A/74/452](#), para. 74). The remaining CHF 49.1 million increase in forecast final project core costs has not yet been committed as expenditure and has therefore not yet required usage of contingency.

74. Usage of the remaining contingency forecast for 2020 could still arise before the calendar year-end, after submission of the present report, should any further activities be required.

D. Scheme and currency of appropriation and assessment

75. The General Assembly, in section VII of its resolution [74/263](#), noted that the strategic heritage plan would enter into significant high-value, multi-year construction contracts, and in that regard emphasized the necessity of a predictable and secure funding mechanism for the project and decided to revert to the questions of the establishment of an assessment scheme and currency of appropriation and assessment for the strategic heritage plan at the main part of its seventy-fifth session. The Secretary-General appreciates the continued support of Member States, which has enabled the considerable, and highly visible, progress in construction in the past year, despite the challenges associated with the global pandemic.

76. The General Assembly, by its resolutions [68/247 A](#), [69/262 A](#), [70/248 A](#), [71/272 A](#), [72/262 A](#), [73/279 A](#) and [74/263](#), has, to date, appropriated a total amount of CHF 176.1 million for the period from 2014 to 2020. Moreover, voluntary contributions have been received and will be used to offset assessments on Member States in the amount of CHF 1.9 million in the years when the costs funded by those contributions are incurred. Consequently, the anticipated cost of the project that remains to be financed by Member States amounts to CHF 258.5 million (excluding the utilization and repayment of the host State loan).

77. In addition to the funding from donations, the two main elements of funding (the host country loan and contributions from Member States) will be utilized each year, in approximately equal amounts, until such time as the total amount provided

by the Swiss loan is exhausted, whereupon the contributions from Member States will be the main element of funding. The host country loan will be treated as follows:

(a) The Swiss loan portion for the new permanent building H commenced utilization during 2017 and will be used to fund all eligible costs for the new building, that is, the costs of construction and consultancy services. The drawdown profile in previous years was CHF 15.0 million in 2017, CHF 22.0 million in 2018 and CHF 28.5 million in 2019; the future forecast is for CHF 53.9 million for 2020 and CHF 5.7 million for 2021;

(b) The Swiss loan portion for the renovation works will be used to fund part of the eligible costs for the renovation works of the existing buildings, for which the host country loan agreement anticipates an estimated total amount of CHF 274.9 million.

78. Three possible schemes of appropriation and assessment for the project (a one-time upfront appropriation and assessment, multi-year appropriations and assessments or a one-time upfront appropriation with a mix of one-time and multi-year assessments), as well as two options for the currency of appropriation and assessment (United States dollars or Swiss francs), which were presented by the Secretary-General in his previous progress reports ([A/70/394](#) and [A/70/394/Corr.1](#), [A/71/403](#) and [A/71/403/Corr.1](#), [A/72/521](#), [A/73/395](#) and [A/74/452](#)), remain valid. As requested by the Assembly, updated charts of those options and detailed information on the choice of scheme and currency of assessment are presented in annex II to the present report.

79. The three options described present the same cash-flow risks and exhibit the same characteristics as described in the previous report of the Secretary-General ([A/74/452](#), para. 99). The Board of Auditors also noted in its second report on the strategic heritage plan that the first and third options would be advantageous to the plan, owing to the resulting increase in the cash position, and would therefore provide the most flexibility for the project owner to respond to unforeseen needs and any cash-flow risks that might arise during the implementation of the project ([A/73/157](#), para. 76). The second option (multi-year appropriations and assessments) would present some cash-flow risks. The Secretary-General therefore emphasizes the need for all Member States to pay the amounts assessed for the project on time and in full. The Secretary-General reiterates his recommendation that the Assembly decide that the scheme of appropriation for the project be a one-time upfront appropriation, with a mix of one-time and multi-year assessments.

80. Should Member States decide on the second option, with appropriations and assessments based on the estimated expenditures for each financial period, as it has done in the past, the amount to be appropriated for 2021 would be CHF 47.6 million, after allowing for the carrying over of funds already assessed that were not used in 2020 as a result of the extension of the renovation tender process.¹

E. Multi-year special account

81. In his second, third, fourth, fifth and sixth annual progress reports on the strategic heritage plan ([A/70/394](#) and [A/70/394/Corr.1](#), [A/71/403](#) and [A/71/403/Corr.1](#), [A/72/521](#), [A/73/395](#) and [A/74/452](#)), the Secretary-General proposed that the accounting of the project be undertaken through a multi-year special account, funded through appropriations and assessments separate from the regular budget. It was explained that the establishment of a special account would enable the segregation of

¹ Current projections assume that the 2020 year-end balance from available Member State assessments to be carried over for use in 2021 will amount to CHF 21.0 million.

the cost of the strategic heritage plan from the programme budget of the Secretariat. That remains the recommendation of the Secretary-General.

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

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

F. Update on alternative funding opportunities

Contributions from Member States to the strategic heritage plan

84. The United Nations Office at Geneva remains proactive in its efforts to solicit donors to contribute towards the financing of the construction and renovation work at the Palais des Nations and reiterates its appreciation to those Member States who have made contributions to date. Further expressions of interest in making donations have also been received from Armenia, Azerbaijan, Croatia, France, Georgia, Germany, India, Kuwait, Norway, Senegal, Switzerland, Turkey, Uzbekistan and the European Union, as well as from the International Organization of la Francophonie and the City of Geneva.

85. As reported in the previous report of the Secretary-General ([A/74/452](#)), Germany continued to sponsor a position of Junior Professional Officer (at the P-2 level) within the programme management team of the strategic heritage plan, through the Junior Professional Officers programme. Funding was provided for the first two years and for half of the third year, on the condition that the remainder of the third year be funded by the Organization. A further and final extension of the position until the end of 2020 has been necessary to support the financial administration and programme management support functions of the project and has also been funded from within the existing strategic heritage plan budget resources.

Donations to the United Nations Office at Geneva from Member States

86. The development and implementation of a wayfinding software application and some associated hardware is being generously sponsored by the Government of India for use in buildings A, C, H and S of the Palais des Nations. This does not form part of the approved scope of the strategic heritage plan but will considerably benefit delegates, staff and visitors in helping them to find their way to relevant rooms and meetings in the renovated buildings and the new permanent building H.

87. Further donations, while offered to the United Nations concurrently with the strategic heritage plan, may consist of elements that are not within the scope of the plan, for example, works to the various villas located on the grounds of the Palais, the preservation of certain heritage elements or the creation of recreational facilities, landscaping features or certain security installations, and would therefore not offset its overall costs.

Other proposed donations to the United Nations Office at Geneva

88. As outlined in previous reports of the Secretary-General ([A/73/395](#) and [A/74/452](#)), the United Nations Office at Geneva is working with a private not-for-profit foundation on the in-kind donation of a new visitors' centre, of approximately

3,000 m² in size, to be located within the Palais des Nations grounds next to the Nations Gate. As previously reported, a framework agreement was signed with the donor in 2019.

89. During the current reporting period, in close coordination with the United Nations, the foundation developed the architectural design and began the conceptual planning of the content to be displayed in the new visitors' centre. The centre would include a state-of-the-art exhibition on the important role of multilateralism and the work of the United Nations, as well as workshop rooms, a gift shop and a café. It would also serve as the departure point for guided tours of the Palais des Nations. The full architectural plan is to be validated by the United Nations before commencing any works, and, subject to the approval of the in-kind donation by the General Assembly, project execution could commence in early spring 2021 and is expected to be completed within two years.

90. The entrance of the planned visitor centre, opposite the Place des Nations, would make it a prime location for tourists. Figure X provides a graphical illustration of the building's planned appearance. The building has been designed and would be situated so as to be as discreet as possible, without being connected to or obstructing the view of the heritage buildings of the Palais des Nations and the Alley of Flags. It should be noted that the perimeter wall of the Palais would be unaffected by the centre. The current access for delegates and staff to the Palais via the existing Nations Gate would remain fully functional but would be streamlined, enhancing the overall security arrangements in this area. Visitors would be checked at a new dedicated security screening pavilion.

Figure IX
Planned location of new visitors' centre

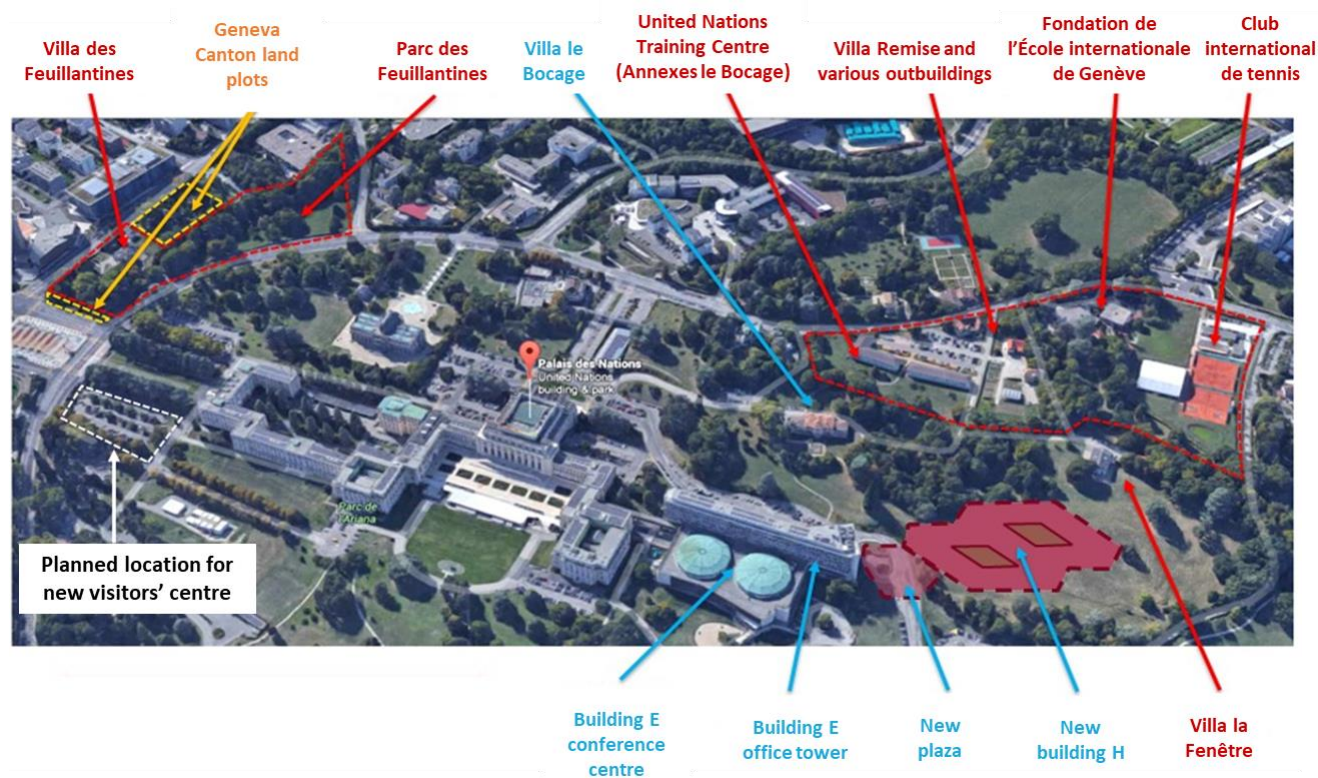
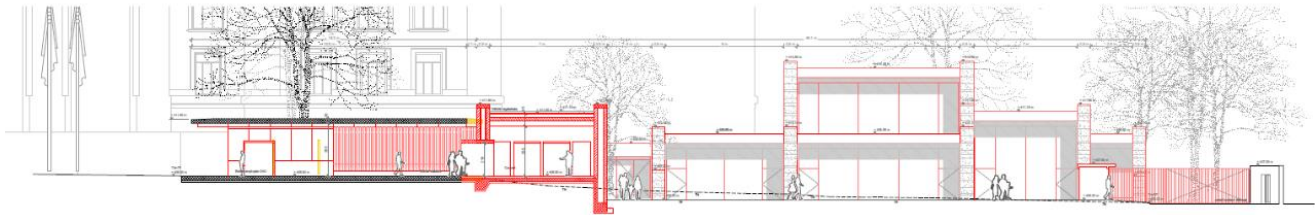


Figure X
Elevation of new visitors' centre relative to existing Palais des Nations Buildings



91. During the reporting period, a task force evaluated potential operational modalities of the visitors centre and proposed a hybrid operating model. The current guided tours by the Visitors' Service would be maintained. Both income and expenditures would be reflected under income section 3, Services to the public, of the programme budget from 2023 onward, when the centre would be ready for operations, and it is projected that any increase in costs would be offset by the increased revenue from ticket sales. The operations of the exhibition on multilateralism and the work of the United Nations, the bookshop and the café are expected to be outsourced, with content subject to supervision by the United Nations.

92. To address the long-term upkeep and maintenance of the facility, the donor has agreed to provide funds of CHF 1.5 million (approximately 8.4 per cent of the value of the building) for major upkeep. The donor will also provide funds of CHF 2.0 million for operational support. While the Secretary-General welcomes the in-kind donation and considers that it has the potential to significantly subsidize the cost of activities that would otherwise have been borne by the United Nations, the new facility may entail additional financial liability for the Organization in the future. Accordingly, the approval of the in-kind donation by the General Assembly is requested, in accordance with financial regulation 103.4.

93. As stated in the previous report of the Secretary-General (A/74/452), the project does not have an impact on the strategic heritage plan works.

V. Other related considerations

A. Valorization of United Nations-owned land in Geneva

94. In section VII of its resolution 74/263, the General Assembly encouraged the Secretary-General to continue his efforts in maximizing the long-term generation of income through long-term, community-oriented leasing arrangements for United Nations-owned land in Geneva, and in that regard requested the Secretary-General to present detailed plans on the valorization strategy and preparatory works, including the scope, duration and resource requirements for the preparatory works, for the consideration of the Assembly as early as practicable.

95. In March 2020, an agreement was signed with the Fondation pour la Cité de la musique de Genève and the Canton of Geneva for a 90-year lease with development rights for the Villa and Parc des Feuillantines land in the amount of CHF 25.6 million. From the date of signature, the lease income has become payable in advance at one ninetieth of the full amount per annum, until the date on which the Fondation receives its building permit (estimated to be achieved during 2022), at which point the entire remaining balance will be due in full. The lease includes a revaluation clause at the midpoint of the 90-year lease period to ensure that the amount paid up front for the lease remains in accordance with the market value estimated at the outset of the

agreement. The signing of the lease agreement represents a major achievement of the valorization programme and substantial additional income for Member States. Notwithstanding the decision of the General Assembly to report the income under income section 2, General income, of the programme budget, this significant milestone was largely achieved using the expertise available through the strategic heritage plan.

96. During the reporting period, the Secretary-General also continued to develop and refine the approach to the valorization and development of other land and assets owned by the Organization in Geneva. A single comprehensive valorization strategy, which includes the scope, duration and resource requirements for the preparatory works, is presented in annex IV to the present report. Pursuant to that strategy, the Secretary-General requests that the General Assembly endorse the implementation of the valorization strategy, and authorize the following expenditures on the preparatory works for 2021 and 2022, to be funded from income section 2 of the programme budget, including the income from the Feuillantines lease once received:

(a) The establishment of a post of Programme Manager at the P-4 level, to manage the implementation of valorization activities, and associated project management costs, in the amount of CHF 600,000;

(b) Phase 1 preparatory costs on detailed studies, urban planning consultancy and legal work, in the amount of CHF 2.2 million.

97. The above valorization activities are being undertaken in parallel with the construction and renovation works of the strategic heritage plan, the visitors' centre initiative (see sect. IV.F), the potential reinforcement of the security perimeter (see sect. V.B) and the expansion of Geneva's railway infrastructure (see sect. V.C), which represent further major initiatives to optimize the use of United Nations land in Geneva. Those activities carried out on the same site will be timed in such a way as to avoid placing excessive concurrent demands on the same staff and management resources.

B. Security master plan considerations

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

99. The Secretary-General has determined that the security provisions initially envisaged in the scope of the strategic heritage plan remain valid, with some relatively minor changes made to bring the design of the project fully in line with the updated security master plan. Those changes do not have an adverse impact on the cost or schedule of the strategic heritage plan. The United Nations Office at Geneva has assessed and prioritized the remaining resource requirements for the security master plan, and the Department of Safety and Security is currently reviewing them in the light of global requirements.

100. During the reporting period, the host country announced an in-kind donation to the United Nations Office at Geneva to reinforce the most vulnerable section of the external security perimeter fence of the Palais des Nations compound. Detailed discussions on the implementation arrangements are under way.

C. Expansion of Geneva's main train station and track infrastructure

101. Further to the information provided in previous reports on the planned major regional transportation infrastructure project of the Swiss Federal Railways to extend the capacity of Geneva's main train station, through the host country authorities, the United Nations Office at Geneva signed a tripartite framework agreement with the City of Geneva and the Swiss Federal Railways. Since the last report, the Office has been working, through the host country authorities, with the Swiss Federal Railways, and in coordination with United Nations Headquarters, on drafting a more specific agreement that will ensure that all aspects of the projects are identified and clarified.

102. Two types of compensation to the United Nations, to be directed primarily towards improvements to mobility and security within the Palais des Nations campus, are envisaged under the draft agreement, as follows:

- (a) Financial compensation for land ceded permanently;
- (b) In-kind compensation for land used temporarily during the expansion works.

103. In addition, all infrastructure affected by the project will be replaced by the Swiss Federal Railways; that infrastructure includes mainly a road and the security perimeter fence and intrusion detection cable.

104. Although still a draft, the agreement includes language that clarifies that the works would not begin before 2025 and that, should works under the strategic heritage plan still be in progress at that time, the Swiss Federal Railways would put in place coordination mechanisms so that the two projects could proceed in parallel. Furthermore, the agreement includes a mechanism to address the timing of particularly noisy works that might otherwise have a negative impact on conferences. Finally, the temporary replacement of United Nations infrastructure that will be affected by the project will be carried out before any substantive works begin, so as to ensure the continuity of mobility and security within the Palais des Nations grounds.

D. Works of art, masterpieces and other gifts

105. As reported in the fifth and sixth annual progress reports of the Secretary-General, an exhaustive inventory of art works and gifts that either were inherited from the League of Nations or have been received as donations by the United Nations Office at Geneva over the past several decades has been produced by art and heritage experts working as part of the strategic heritage plan consultant teams and finalized in full coordination with the United Nations Library Service. Each Member State is to be provided with the photographed inventories of the gifts and works of art that they have donated so that they can make a request, should they so wish, to either take care of such works themselves or to contribute in the form of a donation towards their protection and/or temporary removal during the period of the renovation works. To date, no offers have been received from Member States to take responsibility for the care of their gifts or works of art, masterpieces and other items.

106. The scope of the works for the renovation of the historic buildings issued to contractors requires potential bidders to protect and/or remove, store and reinstall such objects with all the necessary reasonable skill and care. Accordingly, in line with the Organization's policy of not attributing values to specific art, masterpieces and other gifts, there is currently no intention to obtain insurance coverage for any specific items, and therefore the strategic heritage plan budget does not include a provision for specific additional protection measures beyond those reported.

VI. Next steps

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

(a) The finalization of pre-construction services, the determination of and agreement on the final guaranteed maximum price and the commencement of renovation works for the 1930s historic Palais buildings;

(b) The completion of the construction of the new permanent building H and the movement of staff into the completed building in the first half of 2021;

(c) The implementation of change management and transition activities related to the completion of, and staff moves to, the new permanent building H and sections of the renovated Palais, including training staff on how to use the modernized work environment;

(d) The preparation of tender documentation and procurement activities for the main contract for phase 2.2, the renovation works for building E, in late 2020 and 2021;

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

VII. Recommended actions to be taken by the General Assembly

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

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

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

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

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

(e) **Endorse the implementation of the valorization strategy set out in annex IV to the present report and authorize the related preparatory costs, in the amount of CHF 2,800,000 for 2021 and 2022, to be funded from income section 2, General income, of the programme budget;**

(f) **Approve the estimated requirements for the preparatory works of the valorization strategy in the amount of \$1,300,000 for 2021 and the corresponding reduction in total income estimates in income section 2, from \$19,265,100 to \$17,965,100;**

(g) **Approve the proposed in-kind donation towards a new visitors' centre at the Palais des Nations.**

Annex I

Expenditures by funding source

Table A.I.1

Approved funding from Member States, realized and projected expenditures for 2014–2020

(Thousands of Swiss francs)

Description	(A)	(B)	(C = A+B)	(D)	(E)	(F = D+E)
	Approved Member State funding 2014–2019	Approved Member State funding 2020	Total approved Member State funding 2014–2020	Expenditures as at 31 July 2019	Projected expenditures August–December 2020	Total projected expenditures 2014–2020
Construction and refurbishment	35 515.9	20 403.7	55 919.6	18 999.6	6 330.8	25 330.4
Design, consultancy and contracted external expertise	78 855.7	3 131.2	81 986.9	98 396.2	822.4	99 218.6
Associated costs	2 963.1	5 821.8	8 784.9	1 723.6	2 246.0	3 969.6
Project management team and operational expert team	21 788.9	4 576.5	26 365.5	22 172.5	1 430.8	23 603.3
Travel	429.1	70.5	499.6	374.7	20.0	394.7
Total	139 552.7	34 003.8	173 556.4	141 666.7	10 849.9	152 516.6

Table A.I.2

Approved funding from the Swiss loan, realized and projected expenditures for 2014–2020

(Thousands of Swiss francs)

Description	(A)	(B)	(C = A+B)	(D)	(E)	(F = D+E)
	Swiss loan funding received 2017–2019	Projected Swiss loan funding 2020	Total projected Swiss loan funding 2017–2020	Expenditures as at 31 July 2020	Projected expenditures August–December 2020	Total projected expenditures 2014–2020
Construction and refurbishment	55 703.0	52 100.3	107 803.3	98 157.6	9 645.7	107 803.3
Design, consultancy and contracted external expertise	9 797.0	1 808.5	11 605.5	11 513.8	91.7	11 605.5
Total	65 500.0	53 908.8	119 408.8	109 671.4	9 737.4	119 408.8

Table A.I.3

Approved funding from other sources, realized and projected expenditures for 2014–2020

(Thousands of Swiss francs)

Description	(A)	(B)	(C = A+B)	(D)	(E)	(F = D+E)
	Other funding received 2014–2019	Projected other funding 2020	Total projected other funding 2014–2020	Expenditures as at 31 July 2020	Projected expenditures August–December 2020	Total projected expenditures 2014–2020
Design, consultancy and contracted external expertise	210.5	–	210.5	210.5	–	210.5
Total	210.5	–	210.5	210.5	–	210.5

Annex II

Detailed information on financing schemes

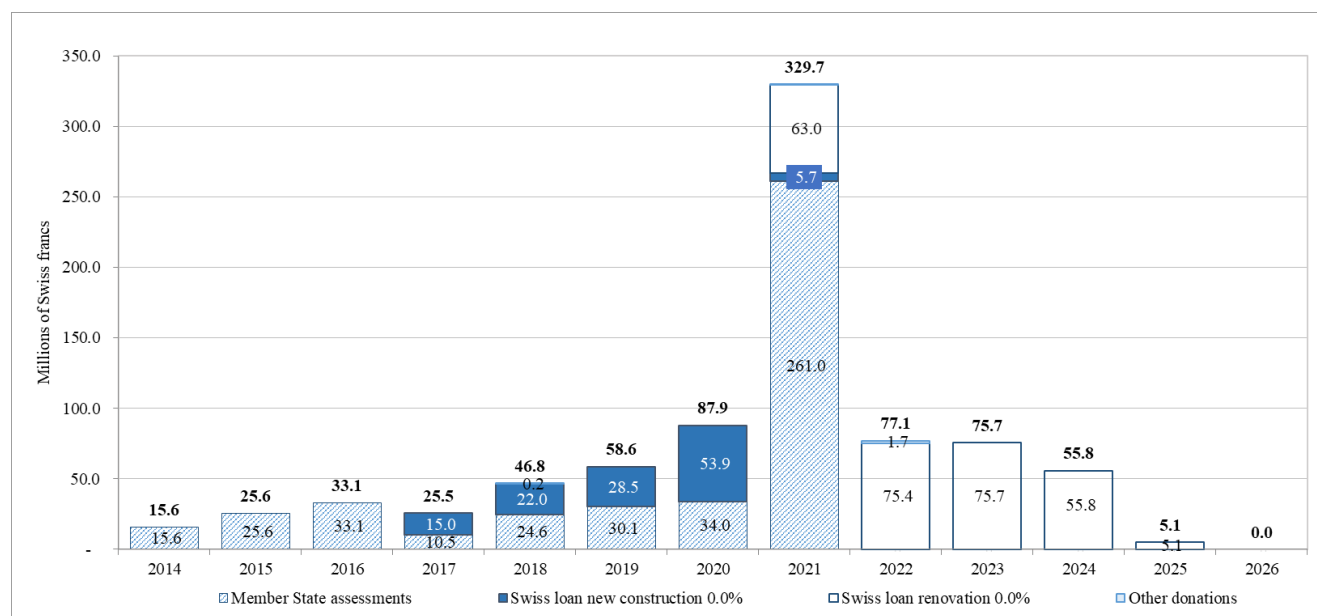
A. Appropriation and assessment options

Option 1: One-time upfront appropriation and assessment

1. The remaining cost of the project to be financed by Member States from 2021 onward (CHF 261.0 million, excluding repayments of the loan) would be appropriated in its entirety in 2021, together with a one-time upfront assessment for each Member State's related share, based on the regular budget scale of assessment applicable to 2021. The detailed financing scheme of that option is reflected in figure A.II.I and table A.II.1.

Figure A.II.I

Overall financing overview: upfront appropriation in 2021 and annual use of loans



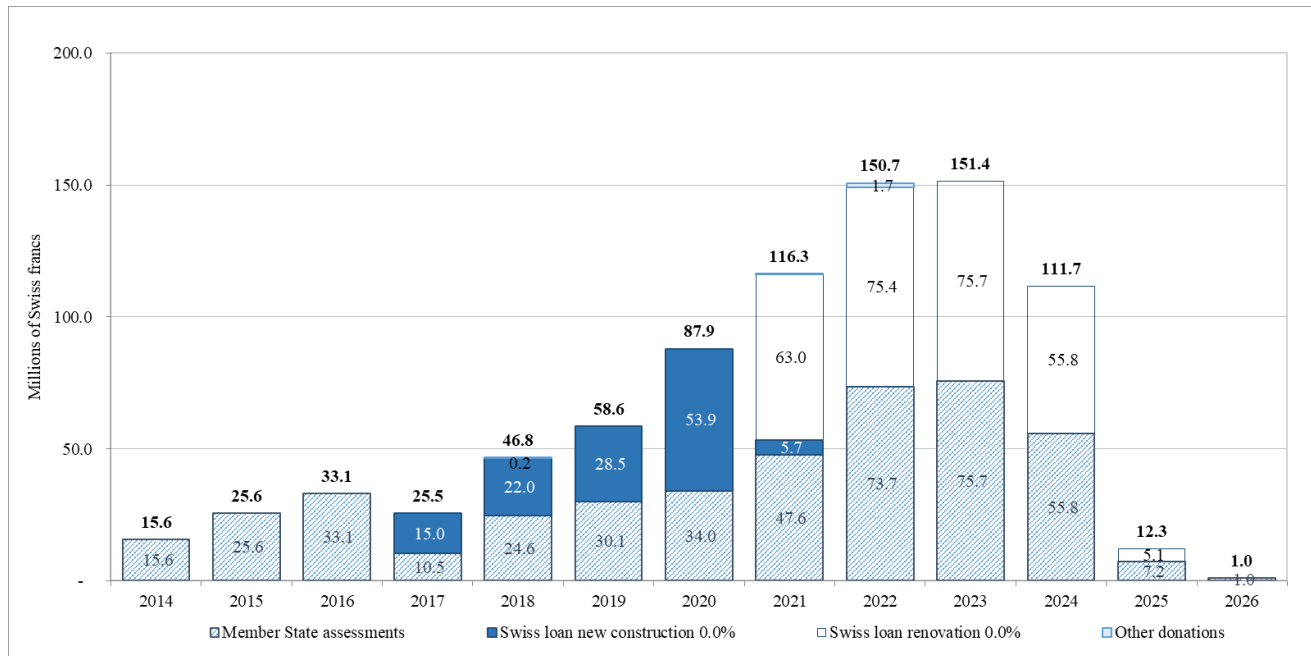
Option 2: Multi-year appropriations and assessments

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

Based on the estimated expenditures for each financial period

3. Figure A.II.II depicts the overall financing scheme based on the estimated expenditures for each financial period (see also table A.II.2 for the detailed financing scheme). The yearly use of the renovation loan and of assessed contributions would be determined annually from 2021 onward as 50 per cent of the total required funding from the loan and 50 per cent from assessed contributions (less any income received from voluntary donations and including any carry-over from previous periods under the respective funding source). Depending on the timeliness of the assessment payments received from Member States, there could be some cash-flow risks to the project under that option.

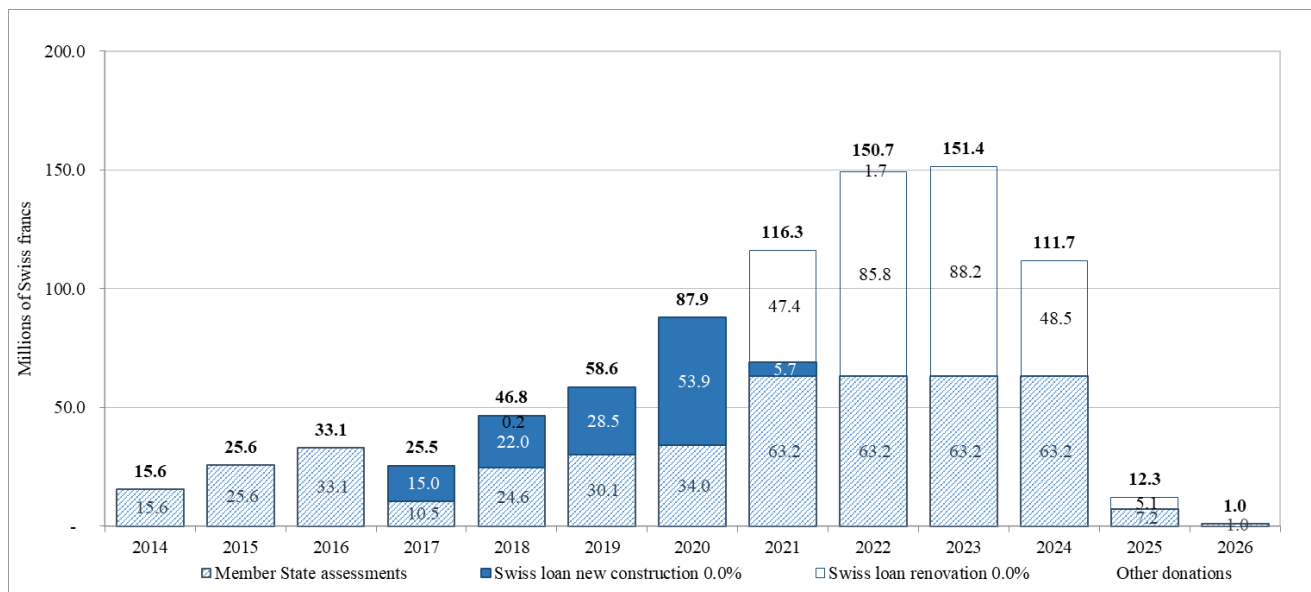
Figure A.II.II
Overall financing overview: appropriation and loans based on annual projected expenditures



Based on the average annual projected expenditures

4. Figure A.II.III depicts the overall financing scheme with equal assessments on Member States over the four-year period in annual amounts of CHF 63.2 million, based on the average of the total project resource requirements (see also table A.II.3 for the detailed financing scheme). The use of the renovation loan would be adjusted accordingly, as also indicated in figure A.II.III.

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



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

5. Under this option, the remainder of project costs to be financed by Member States would be appropriated in its entirety at the beginning of 2021, but Member States would then each be able to decide whether their assessment would be a one-time upfront payment or assessed over a multi-year period. Member States would have to make their selection (between upfront or annual payment) upon receipt of the assessment letter in January 2021, which would include the amounts corresponding to the two options. Once a Member State made a decision, it would be irrevocable. As the scale of assessment usually changes every three years, the General Assembly, under this option, would need to decide which scale of assessment to apply for the life of the strategic heritage plan. This option would be favourable to the project, as it would possibly lead to upfront payments from some Member States that would create additional cash flow to mitigate any risk in that regard.

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

B. Currency risk management

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

8. However, since contracts and related expenditures for the project are denominated primarily in Swiss francs, and since the loan from the host country is also in Swiss francs, the General Assembly may wish to decide that the appropriation and assessment for the strategic heritage plan be in Swiss francs, rather than United States dollars, to match the predominant expenditures. As requested by the Assembly in its resolution [72/262 A](#), the risks associated with both options (appropriation and assessment in United States dollars or in Swiss francs), as well as possible and planned mitigating measures, were presented in previous annual progress reports of the Secretary-General. For ease of reference, those risks are restated, and the revised appropriation rate of exchange is presented below.

Option 1: Appropriation and assessment in United States dollars

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

10. In addition, to mitigate additional exchange rate risks during the annual financial period, the Secretariat continued to purchase Swiss franc forward contracts

at the same rate of 0.974 Swiss francs/United States dollars to cover the funding requirements of the project for 2020.

Option 2: Appropriation and assessment in Swiss francs

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

C. Negative interest rates

12. A dedicated Swiss franc bank account has been created for the strategic heritage plan to receive the disbursed loan amounts. The risks related to negative interest rates are currently being managed and mitigated through a combination of cash-flow management and a negotiated flexibility in the threshold level with the bank, although that may not be sufficient to avoid negative interest in the future, depending on the scheme and currency of appropriation selected and any future changes that may occur in negative interest regulations. As at 31 July 2020, no negative interest charges had been incurred by the project.

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

(Millions of Swiss francs)

	Strategic heritage plan project period (2014–2026)													Total
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	
Member State appropriation	15.6	25.6	33.1	10.5	24.6	30.1	34.0 ^a	261.0	–	–	–	–	–	434.6
Swiss loan new construction 0.0%	–	–	–	15.0	22.0	28.5	53.9	5.7	–	–	–	–	–	125.1
Swiss loan renovation 0.0%	–	–	–	–	–	–	–	63.0	75.4	75.7	55.8	5.1	–	274.9
Other donations ^b	–	–	–	–	0.2	–	–	0.0	1.7	–	–	–	–	1.9
Prior year-end balance carried forward	–	12.7	11.7	3.9	5.9	12.4	17.7	21.0	–	–	–	–	–	85.4
Balance at year-end to carry forward to next year ^c	(12.7)	(11.7)	(3.9)	(5.9)	(12.4)	(17.7)	(21.0)	–	–	–	–	–	–	(85.4)
Total, financing sources	3.0	26.6	40.8	23.5	40.3	53.3	84.6	350.7	77.1	75.7	55.8	5.1	–	836.5

^a The Member States assessment amount of CHF 34.0 million in 2020 is stated net of the first instalment of the loan repayment, of CHF 2.5 million. The assessment for the loan repayment was included in the total appropriated amount of CHF 36.5 million for 2020 set out in section VII of General Assembly resolution 74/263, but the repayment itself is reported under section 33, Construction, alteration, improvement and major maintenance, of the proposed programme budget for 2020, in accordance with that resolution.

^b The amounts refer to financial contributions from Andorra, China, Monaco and Montenegro. The exact amount currently forecast to be utilized in 2021 amounts to CHF 22,000, which rounds to “0.0” in the table above.

^c The projected year-end balance for 2020 is based on the assumption that the assigned contingency for 2020 would be used in 2020. The year-end balances of previous years reflect the difference between the actual expenditures and the sum of the total financing received plus the respective previous year’s carry-over of the preceding year.

Table A.II.2

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

(Millions of Swiss francs)

	Strategic heritage plan project period (2014–2026)													Total
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	
Member State appropriation	15.6	25.6	33.1	10.5	24.6	30.1	34.0 ^a	47.6	73.7	75.7	55.8	7.2	1.0	434.6
Swiss loan new construction 0.0%	–	–	–	15.0	22.0	28.5	53.9	5.7	–	–	–	–	–	125.1
Swiss loan renovation 0.0%	–	–	–	–	–	–	–	63.0	75.4	75.7	55.8	5.1	–	274.9
Other donations ^b	–	–	–	–	0.2	–	–	0.0	1.7	–	–	–	–	1.9
Prior year-end balance carried forward	–	12.7	11.7	3.9	5.9	12.4	17.7	21.0	–	–	–	–	–	85.4
Balance at year-end to carry forward to next year ^c	(12.7)	(11.7)	(3.9)	(5.9)	(12.4)	(17.7)	(21.0)	–	–	–	–	–	–	(85.4)
Total, financing sources	3.0	26.6	40.8	23.5	40.3	53.3	84.6	137.3	150.7	151.4	111.7	12.3	1.0	836.5

^a The Member States assessment amount of CHF 34.0 million in 2020 is stated net of the first instalment of the loan repayment, of CHF 2.5 million. The assessment for the loan repayment was included in the total appropriated amount of CHF 36.5 million for 2020 set out in section VII of General Assembly resolution 74/263, but the repayment itself is reported under section 33, Construction, alteration, improvement and major maintenance, of the proposed programme budget for 2020, in accordance with that resolution.

^b The amounts refer to financial contributions from Andorra, China, Monaco and Montenegro. The exact amount currently forecast to be utilized in 2021 amounts to CHF 22,000, which rounds to “0.0” in the table above.

^c The projected year-end balance for 2020 is based on the assumption that the assigned contingency for 2020 would be used in 2020. The year-end balances of previous years reflect the difference between the actual expenditures and the sum of the total financing received plus the respective previous year’s carry-over of the preceding year.

Table A.II.3
Overall financing overview: equal annual appropriation, in Swiss francs

(Millions of Swiss francs)

	Strategic heritage plan project period (2014–2026)													Total
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	
Member State appropriation	15.6	25.6	33.1	10.5	24.6	30.1	34.0 ^a	63.2	63.2	63.2	63.2	7.2	1.0	434.6
Swiss loan new construction 0.0%	–	–	–	15.0	22.0	28.5	53.9	5.7	–	–	–	–	–	125.1
Swiss loan renovation 0.0%	–	–	–	–	–	–	–	47.4	85.8	88.2	48.5	5.1	–	274.9
Other donations ^b	–	–	–	–	0.2	–	–	0.0	1.7	–	–	–	–	1.9
Prior year-end balance carried forward	–	12.7	11.7	3.9	5.9	12.4	17.7	21.0	–	–	–	–	–	85.4
Balance at year-end to carry forward to next year ^c	(12.7)	(11.7)	(3.9)	(5.9)	(12.4)	(17.7)	(21.0)	–	–	–	–	–	–	(85.4)
Total, financing sources	3.0	26.6	40.8	23.5	40.3	53.3	84.6	137.3	150.7	151.4	111.7	12.3	1.0	836.5

^a The Member States assessment amount of CHF 34.0 million in 2020 is stated net of the first instalment of the loan repayment, of CHF 2.5 million. The assessment for the loan repayment was included in the total appropriated amount of CHF 36.5 million for 2020 set out in section VII of General Assembly resolution 74/263, but the repayment itself is reported under section 33, Construction, alteration, improvement and major maintenance, of the proposed programme budget for 2020, in accordance with that resolution.

^b The amounts refer to financial contributions from Andorra, China, Monaco and Montenegro. The exact amount currently forecast to be utilized in 2021 amounts to CHF 22,000, which rounds to “0.0” in the table above.

^c The projected year-end balance for 2020 is based on the assumption that the assigned contingency for 2020 would be used in 2020. The year-end balances of previous years reflect the difference between the actual expenditures and the sum of the total financing received plus the respective previous year’s carry-over of the preceding year.

Annex III

Status of implementation of recommendations of the Board of Auditors

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

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

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

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

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

² A/73/157.

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

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

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

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

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

³ A/74/5 (Vol. I).

⁴ A/75/135.

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

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

Annex IV

Valorization strategy of the United Nations Office at Geneva

I. Introduction

1. A comprehensive valorization strategy has been created pursuant to section VII of General Assembly resolution [74/263](#), in which the Assembly encouraged the Secretary-General to continue his efforts in maximizing the long-term generation of income through community-oriented leasing arrangements for United Nations-owned land in Geneva.

2. The present annex provides an outline of a valorization strategy, with detailed information on the scope, duration and resource requirements for its implementation.

II. Future valorization strategy

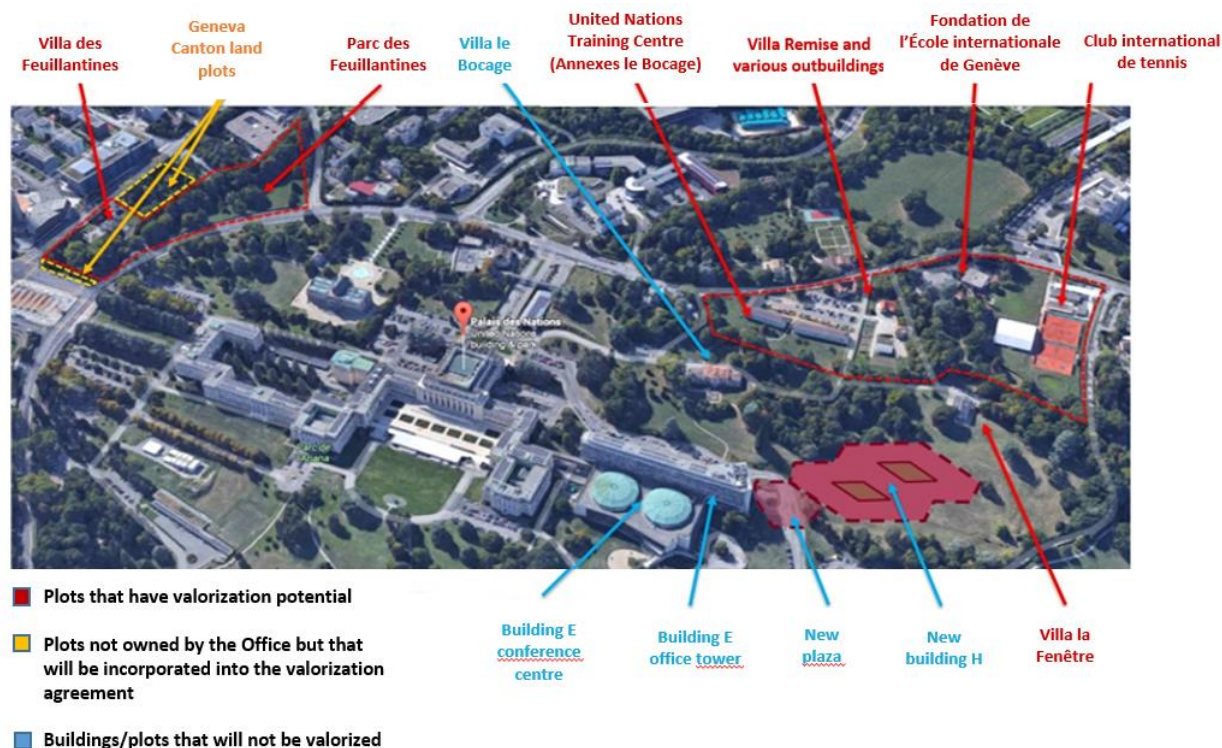
3. The purpose of the valorization strategy is:

(a) To commence further detailed studies and all necessary preparatory works for the remaining land plots with the most realistic valorization potential, namely the large section of land that encompasses the United Nations Training Centre (Annexes le Bocage), the groundskeepers' workshops (Villa Remise and various other outbuildings), the Fondation de l'École internationale de Genève (international school) and the Club international de tennis (international tennis club), upon approval of the strategy by the General Assembly;

(b) To structure future valorization transactions so as to realize an annual income stream in order to optimize the generation of net income over the life cycle of each transaction through long-term community-oriented leasing arrangements of durations of up to 90 years.

4. A pictorial overview of the areas that are proposed to form part of the present valorization strategy is provided in the figure below. The land plots prioritized for valorization are those which the Organization considers can realistically be valorized to significantly enhance their income generation potential and are not envisaged to be required for the core purposes and mandates of the Organization.

Overview of plots of land owned and/or operated by the United Nations Office at Geneva proposed for inclusion in the long-term valorization strategy



5. The requirement to pursue long-term community-oriented leasing arrangements (see General Assembly resolutions [71/272 A](#), sect. XVIII, para. 23, and [72/262 A](#), sect. XVI, para. 13) has been interpreted to enable the greatest possible utilization of the sites in support of the aims and objectives of the wider United Nations family and related international community in Geneva.

6. New opportunities continue to arise in that respect. In early 2020, for example, the Director-General of the United Nations Office at Geneva agreed with her counterpart at the World Intellectual Property Organization (WIPO) to explore options to establish a day-care facility on the grounds of the Palais des Nations. This initiative, which is still at the early feasibility stage, would potentially benefit the staff of international organizations, permanent missions and other members of the international community, as well as local residents of the international quarter of Geneva. The concept involves the realignment of the security perimeter of the Palais to exclude a plot of land on which WIPO would construct a day-care facility under a long-term lease agreement. A prerequisite to the feasibility of the initiative hinges, inter alia, on its operating model. To that end, outreach has been made to the host country authorities to explore whether the facility could be run on a self-funding basis by the City of Geneva or by a specialized firm on a concession model. An update on this initiative will be provided as part of the next report of the Secretary-General on the strategic heritage plan.

7. In the light of the progress made on the Villa and Parc des Feuillantines and the results of related preliminary studies, it can be realistically envisaged that the valorization strategy could deliver an estimated overall gross income ranging between CHF 189 million and CHF 396 million over a 90-year period, on the basis of achieving an annual income in the range of CHF 2.1 million to CHF 4.4 million. The proceeds of that income, less the preparatory and realization costs required to achieve

it and any annual operating costs, would therefore be returned as net income to Member States on an annual basis over the next 90 to 100 years.

8. The overall valorization strategy from 2020 onwards involves the following steps:

(a) Recruit a valorization programme manager at the P-4 level and continue the work of the dedicated specialized consultancy team;

(b) Conduct detailed studies and surveys of land conditions to allow potential developers to better estimate the risks involved in developing the plots in order to increase its valorization potential;

(c) Conduct urban planning and legal assessments and intensify engagement with planning authorities to elaborate on the types and sizes of permitted developments and to assess whether and how to group the other land plots into packages so as to maximize the income generating potential when they are offered for valorization to the real estate market;

(d) Conduct any preparatory works, such as demolition, relocation and replacement of existing facilities, deemed necessary to prepare the sites prioritized for development;

(e) Pursue opportunities for community-oriented lease agreements through collaboration with other international organizations and/or competitive tenders on the open market, in full compliance with the rules and regulations governing procurement by the United Nations.

9. The income potential of the valorization strategy, and the projected expenditures required to achieve it, are set out in section II.

III. Income and expenditure projections

10. Table A.IV.1 presents a summary of the estimated net surplus proceeds that could be generated from valorization over a 90-year period.

Table A.IV.1

Estimated net surplus proceeds from valorization over a 90-year period

(Millions of Swiss francs)

	<i>Estimated value range for 90-year lease</i>				<i>Current rental income of land plots if not valorized</i>
	<i>Lump sum payment</i>		<i>Annual lease payments</i>		
	<i>Low^a</i>	<i>High^b</i>	<i>Low^a</i>	<i>High^b</i>	
Estimated income to be received					
Income per annum	Not applicable	Not applicable	2.1	4.4	0.2
Total potential income over 90 years	81.2	134.1	189.0	396.0	18.0
Estimated expenditure to achieve income					
Estimated valorization realization costs (high to low)	25.1 to 17.6	25.1 to 17.6	25.1 to 17.6	25.1 to 17.6	–
Estimated total net income	63.6 to 56.1	116.5 to 109	171.4 to 163.9	378.4 to 370.9	18.0

^a Estimated value based on the regulatory land price given by the Canton of Geneva for the area, in accordance with the rules set out in its general law on development zones, with existing buildings demolished and no further valorization work undertaken related to zoning and density factors.

^b Estimated value based on negotiating that the rules set out in the general law on development zones would not apply, and with existing buildings demolished and further valorization work undertaken to negotiate the development density factor.

11. Table A.IV.2 shows a breakdown of the estimated valorization income potential of specific land plots based on the detailed studies carried out by external consultants.

Table A.IV.2

Estimated valorization income potential value ranges

(Millions of Swiss francs)

Land plot	Estimated value range for 90-year lease				Comments
	Lump sum payment		Annual lease payments		
	Low ^a	High ^b	Low ^a	High ^b	
1 Villa and Parc des Feuillantines land	25.6	25.6	–	–	Income stemming from the agreement reached with the Fondation pour la Cité de la musique de Genève; main payment due upon receipt of building permit
2 United Nations Training Centre land and groundskeepers' facilities					Dependent on relocation or amalgamation of Training Centre into existing Palais des Nations buildings, relocation and/or replacement of maintenance facilities and realignment of United Nations security perimeter
Villa la Fenêtre land					Excluding the villa and 10,000 m ² of immediately adjacent land; value also depends on agreement with regard to development density, zoning and realignment of United Nations security perimeter and may be best realized in combination with the land of the existing Training Centre and groundskeepers' facilities
International tennis club land					Value depends on agreement with regard to development density factor
International school land					Value also depends on development density factor that can be agreed upon and if demolition of existing school building is permitted
Subtotal, phase 2	55.6	108.5	2.1	4.4	For annual lease payments, annual amount is shown
Estimated total income over 90 years	81.2	134.1	189	396	Based on all works outlined in table A.IV.3 being undertaken

^a Estimated value based on the regulatory land price given by the Canton of Geneva for the area, in accordance with the rules set out in its general law on development zones, with existing buildings demolished and no further valorization work undertaken related to zoning and density factors.

^b Estimated value based on negotiating that the rules set out in the general law on development zones would not apply, and with existing buildings demolished and further valorization work undertaken to negotiate the development density factor.

12. As outlined in table A.IV.1, the estimated net total income would range from CHF 163.9 million to CHF 378.4 million, if the 90-year lease were paid in annual lease payments, provided that the estimated valorization realization costs remained in the range of CHF 17.6 million to CHF 25.1 million. The achievable annual gross income, as indicated in table A.IV.2, is estimated at between CHF 2.1 million and CHF 4.4 million.

13. An annual income less the preparatory and realization costs would yield to the United Nations a significantly higher nominal income, before inflation, than a lump sum, as indicated in table A.IV.2. The cost of capital in the private sector is generally higher than that of the United Nations, and developers are therefore likely to substantially discount their offers for lump sum transactions relative to offers for annual income transactions. A continuous annual income would not only potentially steadily offset funding by Member States over the next 90 to 100 years, but could also be protected against inflation by ensuring that annual lease payments rise in accordance with the relevant Geneva price index. This scenario is therefore preferred over a one-off lump-sum income payment.

IV. Resource requirements

A. Phase 1

14. As outlined in section V.A of the sixth report of the Secretary General (A/74/452), in order to achieve the range of income potential shown in table A.IV.2, it is necessary to undertake the first phase of works, which would last approximately two years and which includes a series of detailed studies and further valorization activities. This is planned to take place in 2021 and 2022, subject to approval of the funding of the required resources by the General Assembly.

Detailed studies (CHF 500,000)

15. These activities include the studies and surveys required for designing any new facilities elsewhere on the campus necessary for relocating the current groundskeeping facilities; adapting and renovating some of the existing facilities in the main Palais des Nations buildings to allow for the relocation of the United Nations Training Centre staff currently housed in the Annexes le Bocage, as this was not a requirement foreseen under the scope of the strategic heritage plan; and proceeding with the design of the works necessary to realign the United Nations security perimeter in the area of the land plots to be valorized.

Urban planning consultancy and legal work (CHF 1,700,000)

16. This includes the development of a comprehensive request for information, to be submitted to the building authority of the Canton of Geneva, following which the relevant service departments will give their approvals in principle and in writing about what the Canton will accept in terms of development proposals, including the size of developments permitted. In addition, legal work will continue in order to develop model long-term leasing contracts, so that developers bidding to lease the plots are fully aware of the legal conditions of the long-term lease for which they will be bidding.

B. Phase 2

17. What follows is only a conceptual cost estimate, which may change substantially after the first phase. Subject to the funding and completion of the first phase during 2021 and 2022, the second phase of preparatory works would take place between 2023 and 2026.

Demolition (CHF 1,000,000)

18. There may be an advantage to the United Nations undertaking the demolition work to clear the plots prior to their further development, in terms of gaining the necessary permissions to do so. This decision would be made once the results of the detailed studies are known and the approvals in principle are obtained from the relevant departments of the Canton of Geneva.

Replacement and/or relocation of premises (CHF 12,600,000 to 20,100,000)

19. In order to clear some of the valorization plots for future use, it will be necessary to undertake the following works:

(a) Replace and/or relocate the current groundskeeping and maintenance facilities elsewhere on the Palais des Nations campus to free up the plot;

(b) Adapt and renovate some of the existing facilities in the main Palais buildings or, at worst, provide new facilities to allow for the relocation of the United

Nations Training Centre staff and operations currently housed in the Annexes le Bocage;

(c) Proceed with the necessary works to realign the United Nations security perimeter in the area of the land plots to be valorized.

Project management costs (CHF 300,000 per year)

20. Given the magnitude of the potential income to be realized, there is a clear need for a dedicated manager on the United Nations staff for the valorization programme, as described in paragraph 8 (a) of the present annex. Pursuant to the valorization strategy, the Secretary-General requests that the General Assembly authorize the establishment of a post at the P-4 level to manage the implementation of valorization activities, and associated project management costs, in the amount of CHF 300,000 per year.

21. The cost estimates for the first phase of works together with the high-level rough estimates and ranges of the costs associated with the second phase of works are presented in table A.IV.3.

Table A.IV.3

Estimated valorization realization costs

(Millions of Swiss francs)

	Phase 1 (2021–2022) ^a		Phase 2 (2023–2026) ^a				Comments
	Detailed studies (soil, pollution, tree surveys, etc.)	Urban planning consultancy and legal work	Demolition (if carried out by the United Nations)	Rough estimated range for replacement and/or relocation of premises			
				Low ^b	High ^c		
Land plot							
1 Villa and Parc Feuillantines land	Not applicable ^d	0.1	Not applicable ^d	Not applicable			Based on value of valorization and legal costs spent to date and estimate of services required to complete transaction; income receipt estimated between 2020 and 2022
2 United Nations Training Centre	0.1	0.4	0.5	8	14.3		Based on renovation of existing space or new build replacement of training centre of approximately 2,200 m ² elsewhere on campus
Groundskeepers' facilities and maintenance buildings	0.1	Included above	0.1	3	4.2		Cost of replacement of maintenance workshops and/or facilities elsewhere on campus to be determined
Villa la Fenêtre land	0.1	0.4	0.1				
International Tennis Club land	0.1	0.4	0.1	Not applicable			Based on demolition and clearing of site only
International School land	0.1	0.4	0.1				
Realignment and upgrade of United Nations security perimeter	Included above		0.1	1.6	1.6		Based on estimated replacement of approximately 2 km of security fencing and associated detection and closed-circuit television coverage
Subtotal	0.5	1.7	1	12.6	20.1		

	Phase 1 (2021–2022) ^a		Phase 2 (2023–2026) ^a		Comments
	Detailed studies (soil, pollution, tree surveys, etc.)	Urban planning consultancy and legal work	Demolition (if carried out by the United Nations)	Rough estimated range for replacement and/or relocation of premises	
			Low ^b	High ^c	
Project management costs					
Staff costs and operating expenses	0.6			1.2	
Estimated total costs	2.8		14.8 to 22.3		

^a Estimated timeline.

^b Estimated value based on the regulatory land price given by the Canton of Geneva for the area, in accordance with the rules set out in its general law on development zones, with existing buildings demolished and no further valorization work undertaken related to zoning and density factors.

^c Estimated value based on negotiating that the rules set out in the general law on development zones would not apply, and with existing buildings demolished and further valorization work undertaken to negotiate the development density factor.

^d Conducted by the Fondation pour la Cité de la musique de Genève.

V. Financing considerations

22. The General Assembly decided, in section XVI, paragraph 14, of its resolution [72/262 A](#), that all income from the rental or valorization of land owned by the Organization in Geneva would be reflected under income section 2, General income, of the programme budget. Consequently, it is proposed that the cost of the preparatory works be funded from income section 2 of the programme budget.