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Update to the eleventh annual progress report on the strategic heritage plan of the United Nations Office at Geneva

Report of the Secretary-General

Summary

The present report is an addendum to the eleventh annual progress report on the strategic heritage plan of the United Nations Office at Geneva ([A/79/352](#)) and is submitted pursuant to paragraph 21 of section XVII of General Assembly resolution [79/258](#).

The report includes the information requested on the most cost-effective guaranteed maximum price agreement for building E renovations, together with further options to avoid cost overruns and limit the consequences of delays in the overall project, including a clear and detailed cost-benefit analysis for each option.

The report also contains the latest revised maximum cost to complete the full scope of the project, which amounts to SwF 954.7 million, or 14 per cent above the present maximum cost of SwF 836.5 million that was approved by the General Assembly in 2015.

The recommended actions to be taken by the General Assembly are set out in paragraph 40 of the report. A decision by the Assembly by the end of June 2025 is required, either to approve the revised maximum cost to complete the full scope of the project, including authorizing the Secretary-General to conclude the guaranteed maximum price agreement for building E and proceed with the work, or to reduce the scope of the project. Any delay in a decision beyond the end of June will incur significant additional costs for the project due to a pause in the critical path of renovation work and will cause further delays.



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I. Introduction

1. The present report provides an update to the eleventh annual progress report on the strategic heritage plan of the United Nations Office at Geneva (A/79/352). In paragraph 4 of section X of its resolution 70/248 A, the General Assembly approved the project scope, schedule and estimated cost of the strategic heritage plan in the maximum amount of SwF 836,500,000.
2. The present report is submitted pursuant to paragraph 21 of section XVII of General Assembly resolution 79/258, in which the Assembly requested the Secretary-General to present for its consideration at the second part of its resumed seventy-ninth session an updated report.
3. The report contains an update of the planning and construction-related activities since the publication of the eleventh annual progress report and covers the period from 1 September 2024 to 28 February 2025. The financial information contained in the report is based on data available as at 28 February.
4. The report also contains the information requested by the General Assembly in its resolution 79/258, including information on the most cost-effective guaranteed maximum price agreement for building E renovations, together with options to avoid cost overruns and limit the consequences of delays in the overall project, including a clear and detailed cost-benefit analysis for each option.

II. Project governance

A. Advisory Board

5. The Advisory Board held three meetings following the publication of the eleventh annual progress report, in October and November 2024 and February 2025. Among the key issues considered by the Board were the management of cost pressures and project risks, descoping options, business continuity, strategies for communications to stakeholders, project progress and updates on the budget.

B. Steering Committee

6. The Steering Committee held three meetings following the publication of the eleventh annual progress report, in September and November 2024 and February 2025. The Committee continues to monitor project progress against the established timelines and budget and is reinforcing the requirement for close management of project scope and financial controls. Key issues presented to and considered by the Committee included the permutations and combinations of descoping options and their consequences, cash management, project progress, business continuity solutions and project risks.

III. Progress made on the project

7. Work on the strategic heritage plan of the United Nations Office at Geneva continues within the approved scope, with recent milestones achieved in the occupancy of 900 staff in section S1 and the move-out of 550 staff from the Motta building with the expiration of the commercial lease. The remaining historic conference rooms under renovation in building A and section AB are expected to be returned to service during the first half of 2025. Building E is in the pre-construction phase in which the contractor is tendering the works packages, which will culminate

in the guaranteed maximum price negotiated and finalized by the third quarter of 2025, after which it is planned that the main work will start. Building C is planned for completion by the end of 2025, with work in building B and the food service facilities in building A both planned to start in the second half of 2025.

A. Status of activities

8. Following the publication of the eleventh annual progress report, significant further progress was made towards key project milestones, including design, preparation for the next sections of work and renovation activities, namely:

(a) Section S1, an office building accommodating approximately 900 staff, was substantially completed on 4 September 2024 and became operational at the beginning of November. During the months of November and December, staff moved into section S1, including the move of the Office of the Director-General of the United Nations Office at Geneva and approximately two thirds of the staff of the Economic Commission for Europe and the United Nations Conference on Trade and Development. The remaining staff of those entities are accommodated in temporary locations in building H, following the closure of the building E office tower, which will not be reoccupied due to major building code deficiencies, and will ultimately relocate to building C and section S2 upon their respective completion;

(b) During December 2024, approximately 550 staff of the Office of the United Nations High Commissioner for Human Rights moved into building H. As a result, the commercial lease for the Motta building, external to the Palais des Nations, expired, thereby realizing the most significant part of the rental savings that were factored into the approved scope of the project. It is planned that the remaining staff in the leased Palais Wilson building will be relocated into building H in 2027, following the move-out of its temporary occupants;

(c) The historical renovation work in buildings A and C and section AB continue to progress in line with the established lean methodology. Building A, now in the final stages of testing and commissioning, is expected to be substantially complete by April 2025 and it is planned that it will be operationally ready by the end of June 2025;

(d) Section AB remains on schedule, with testing and commissioning due to begin at the end of March 2025 and substantial completion expected during the summer of 2025. The operational readiness of the building is expected by September 2025. Together with building A and section AC and the temporary conference building, sufficient space for business continuity for conferencing will then be available while building E is closed for renovation from the second half of 2025;

(e) Building C continues to progress towards substantial completion by the end of 2025, after which it is planned that the renovation in section S2 will commence;

(f) For building B, pre-construction planning to minimize risk to the library and archive collections is in progress, which will include the removal of all collections and content from the library stacks prior to the renovation work, foreseen to start in the second half of 2025. The pre-construction planning includes cost mitigation measures, including the negotiation of packing, transportation and off-site storage costs, as well as the utilization of temporary space onsite;

(g) For building E, further to the conclusion of the renovation contract in January 2023, pre-construction services are ongoing, including the technical design and the tendering process conducted by the vendor for the subcontracted work. All 51 work packages for building E have been released to the market, with approximately 91 per cent of the total value of offers received as at 28 February and undergoing

technical and commercial review for optimization and finalization. The first part of the early action work is under way, including the technical design of the audiovisual installations, replacement of the lakeside façade, lifts and escalators, as well as site installation. Due to its heritage quality and deteriorated state, the lakeside façade is one of the most critical elements, for which the glass has been ordered, given the extensive lead time. The visual mock-ups, or test panels, were installed and approved in November 2024. Another phase of the early action work specific to the vacated tower is currently under review. This phase includes the relocation and storage of furniture, the removal of soft materials, the strip-out of mechanical, electrical and plumbing systems, minor demolition and limited asbestos removal. Finally, a vibration monitoring system will be installed in conference room 20 and the foundation will be laid for the tower crane, with the raising of scaffolding and the installation of protective elements. The early action work is expected to conclude by the third quarter of 2025, coinciding with the guaranteed maximum price agreement and the start of the main renovation work;

(h) Regarding contractor claims owing to the cumulative effects of the coronavirus disease (COVID-19) pandemic, the overall global economic situation, local market conditions and the prolongation of the schedule over the life of the project, the renovation contractor had submitted a claim under the terms and conditions of the renovation contract to recover costs incurred. Since the eleventh annual progress report, and following internal analysis, these claims have been negotiated and resolved through variations in accordance with the contract.

9. Figures I to VIII demonstrate the completed and ongoing renovation work since the publication of the eleventh annual progress report.

Figure I

Installation of cabling and Wi-Fi points beneath the floor of the Assembly Hall, building A



Figure II
Testing of audiovisual equipment in the Assembly Hall, building A



Figure III
Application of protective varnish on handrails outside Hall XIV, building A



Figure IV
Installation of seating areas in the Concordia section, building A



Figure V
Fire and life safety features for containment and evacuation, section S1



Figure VI
Installation of energy-efficient lighting in room I, building C



Figure VII
Installation of mechanical, electrical and plumbing elements, building C



Figure VIII

Foreground: lakeside façade of conference building section with protective fencing for the installation of mock-up replacement glass; background: tower section, building E



B. Procurement and contracting activities

10. All contracts have been awarded for the project, the last major commitment being the validation of the guaranteed maximum price for building E. The guaranteed maximum price is expected to be finalized and signed by the third quarter of 2025, subject to authorization by the General Assembly to proceed with the work.

11. With respect to vendor outreach during the solicitation processes for the main construction and renovation contracts, the procurement opportunities were advertised through a series of outreach initiatives aimed at maximizing interest from vendors. These initiatives included:

(a) Publication of the opportunities on multiple platforms, including United Nations websites, mobile applications and the United Nations Global Marketplace;

(b) Notes verbales to all Permanent Missions to the United Nations in Geneva;

(c) Targeted email communications to vendors registered in the relevant categories, vendors who participated in previous relevant tenders and vendors who participated in business seminars, including more than 20,000 vendors regarding the renovation of historic buildings, more than 12,000 vendors regarding the renovation of building E and more than 6,000 vendors regarding the construction of building H;

(d) 11 business seminars specific to the strategic heritage plan, held from 2016 to 2018.

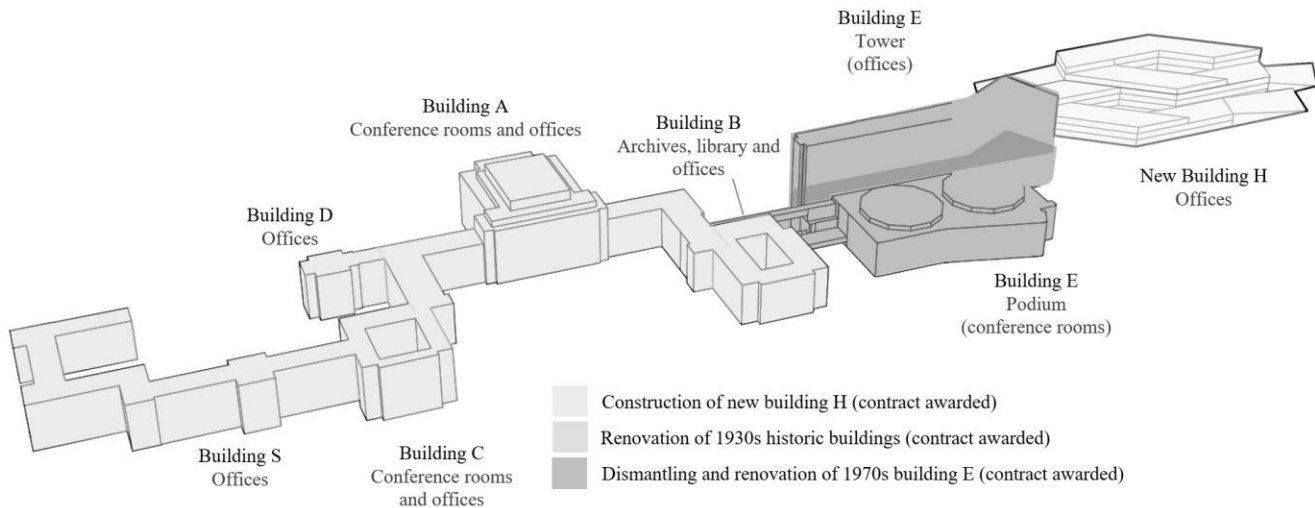
12. In addition, as an outreach activity for subcontracting opportunities, the main contractor for the renovation of building E, in collaboration with the United Nations Office at Geneva, held a procurement open day on 22 November, which attracted more than 90 participants in construction, sustainable materials, energy efficiency and related sectors.

13. All efforts have been made to attract the broadest possible base of bidders and subcontractors. Feedback from vendors in developing countries and economies in transition that decided not to submit bids indicates challenges posed by the geographical location, compliance with local regulations and certifications and the ability to meet the required timelines.

14. A schematic overview of the Palais des Nations building complex and the major phases of the contracting strategy is shown in figure IX.

Figure IX

Schematic overview and contracting strategy of the Palais des Nations building complex



C. Project schedule

15. The latest project schedule is illustrated in figure X and indicates the key forthcoming project milestones, as follows:

(a) Substantial completion of work on historic building A is scheduled for April 2025;

(b) Substantial completion of work on historic section AB is scheduled for the end of the first half of 2025, and on building C for the end of 2025;

(c) Early action work for phase 2.2, renovation and dismantling of the 1970s building E office tower, commenced in September 2024 and will continue until the guaranteed maximum price is agreed in the third quarter of 2025;

(d) Final completion of minor outstanding work on building H is currently estimated by the end of 2025;

(e) The main food service facility, kitchen and related technical and public areas serving the campus, including the cafeteria, are scheduled to close for renovation in July 2025, following the seventy-eighth World Health Assembly and the 113th session of the International Labour Conference, with completion expected in the second half of 2026;

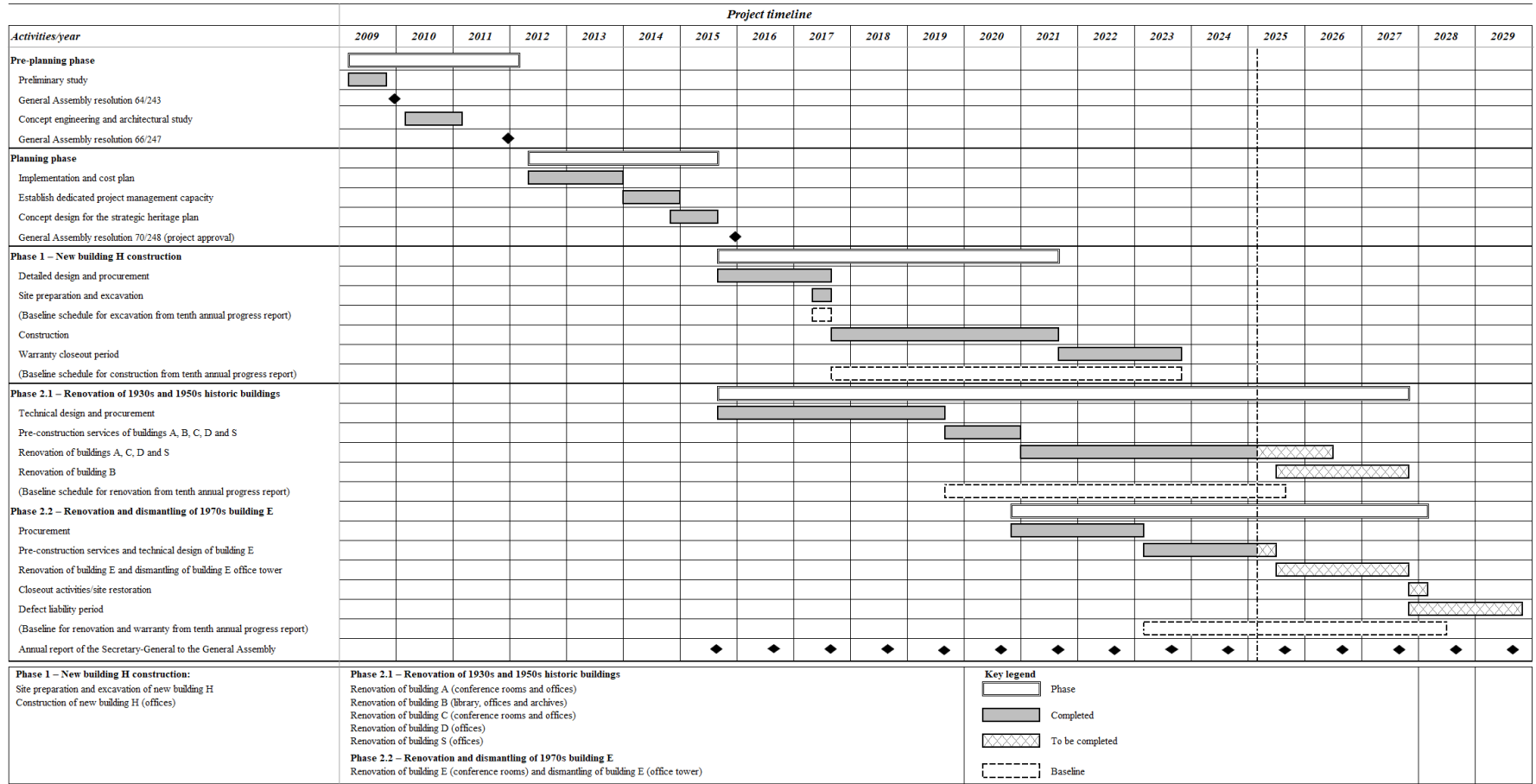
(f) Commencement of work on historic section S2 is expected in early 2026, with completion by the second half of 2027;

(g) Commencement of work on building B is scheduled for the second half of 2025, with completion expected towards the end of 2027;

(h) Commencement of work on building E is scheduled for the second half of 2025, with completion scheduled by the end of 2027;

(i) The defect liability period following the completion of all work in late 2027, which includes post-completion assessments and post-occupancy evaluations, release of retention, seasonal commissioning of building services and other quality and financial closeout activities, will run in parallel with the two-year warranty period associated with the building E renovation contract.

Figure X
Project schedule



IV. Expenditures and anticipated costs

A. Cost plan

16. The project team continues to make all efforts to control costs through rigorous oversight of spending activities supported by cost management specialists and through comprehensive risk management supported by risk management specialists.

17. Table 1 shows the latest revised cost plan for implementing the full scope of the project, which reflects the current project progress and the estimate of remaining costs to achieve the full project scope.

18. The cost plan was formulated based on the most cost-effective guaranteed maximum price of SwF 220 million for building E, including dismantling the tower but excluding subsidies, plus the expenditures as at 28 February and the reassessed cost for all other buildings and elements of the programme, as well as contingencies based on historical information and anticipated events. The level of the guaranteed maximum price for building E is realistic and achievable, based on the value of tenders received by 28 February, at approximately 91 per cent of subcontracted work, and is the most cost-effective position that can be achieved with the main contractor.

19. The total project cost is estimated to exceed the approved maximum cost of SwF 836.5 million by an amount of SwF 118.2 million, or 14 per cent. The construction sector has particularly struggled over the past four years due to significant market inflation and resource disruptions. According to the latest report by a leading global consultancy in risk mitigation and dispute resolution,¹ because the cost of capital has risen significantly and its supply is more constrained in most markets, combined with skill shortages of key workers affecting nearly 50 per cent of all global projects surveyed, major construction and infrastructure projects globally are running over time by an average of 67.3 per cent in duration, with costs increasing on average by 32.1 per cent, based on a sample of more than 2,000 major capital projects in 107 countries with an average value of \$1.28 billion. In Geneva, since the baseline date of October 2020, the rate of inflation in the Geneva construction market for administrative buildings has increased by 16.4 per cent,² which is considerably more than the escalation allowances made in 2015 when the project budget was developed.

20. Compared with the cost plan contained in the eleventh progress report (see [A/79/352](#), table 6), the latest cost plan reflects the following variances:

(a) The cost of renovation work has increased by SwF 24,578,000 due to the transfer from contingency for variations and provisions for contractor claims, as well as the further development of the cost of work on building E;

(b) Associated costs have decreased by SwF 655,000 due to recasting the programme, driven mainly by requirements for surveys of building conditions and for security;

(c) Consultancy services have increased by SwF 2,082,000 due to recasting the programme, driven mainly by requirements in contract administration and cost management;

(d) Project management costs have increased by SwF 92,000 due to the review of overall staffing levels and duration;

¹ See www.hka.com/crux. The source is a specialized consultancy, given that construction data are typically not available from intergovernmental sources.

² See https://statistique.ge.ch/graphiques/affichage.asp?filtreGraph=05_03.

(e) Escalation has decreased by SwF 12,000 due to the reassessed consumer price index for the Canton of Geneva;

(f) Contingencies (including escalation on contingencies) have decreased by SwF 26,147,000 due to the transfer of contingencies to the costs for construction, renovation, associated costs and programme management.

21. Any delay beyond the end of June 2025 in a decision on the budget or scope will result in a setback to the overall project timeline and will amount to approximately SwF 2.5 million per month during the “standstill” period, as stated in the eleventh annual progress report. Delays also expose the project to the risk of escalation in construction prices that could occur during such a period.

22. It is therefore essential for the General Assembly to authorize the conclusion of the guaranteed maximum price agreement for building E and to approve the revised maximum cost, or to decide to reduce the scope of the project, noting the deferral of necessary work.

Table 1

Latest cost plan for implementing the full scope of the strategic heritage plan, 2014–2028

(Thousands of Swiss francs)

| | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 | 2024 | 2025 | 2026 | 2027 | 2028 | Total |
|--|--------------|---------------|---------------|---------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| Construction of new building | – | – | – | 10 599 | 27 612 | 30 486 | 41 577 | 10 247 | 134 | 237 | (15) | 750 | 834 | – | – | 122 461 |
| Renovation work | – | – | – | – | 75 | 12 464 | 19 405 | 78 402 | 87 169 | 43 201 | 35 205 | 41 740 | 109 891 | 93 828 | – | 521 379 |
| Dismantling seven floors of building E | – | – | – | – | – | – | – | – | – | 1 278 | 106 | 2 068 | 8 270 | – | – | 11 722 |
| Associated costs | – | – | – | 316 | 1 005 | 262 | 3 295 | 5 681 | 2 746 | 162 | 727 | 1 304 | 2 524 | 2 399 | – | 20 522 |
| Consultancy services | 1 705 | 23 685 | 36 857 | 9 096 | 16 073 | 11 765 | 12 505 | 9 477 | 8 855 | 11 699 | 15 712 | 8 034 | 7 636 | 6 338 | 893 | 180 330 |
| Project management | 1 268 | 2 890 | 3 981 | 4 002 | 3 688 | 4 040 | 4 421 | 3 854 | 4 333 | 4 738 | 4 898 | 4 930 | 4 840 | 4 384 | 1 590 | 57 858 |
| Escalation | – | – | – | – | – | – | – | – | – | – | – | 54 | 184 | 258 | 77 | 573 |
| Subtotal | 2 973 | 26 575 | 40 838 | 24 013 | 48 453 | 59 017 | 81 203 | 107 661 | 103 237 | 61 315 | 56 633 | 58 881 | 134 279 | 107 208 | 2 560 | 914 844 |
| Contingencies | – | – | – | – | – | – | – | – | – | – | – | 8 053 | 18 454 | 13 275 | – | 39 781 |
| Escalation on contingencies | – | – | – | – | – | – | – | – | – | – | – | 5 | 12 | 36 | – | 54 |
| Total | 2 973 | 26 575 | 40 838 | 24 013 | 48 453 | 59 017 | 81 203 | 107 661 | 103 237 | 61 315 | 56 633 | 66 939 | 152 744 | 120 518 | 2 560 | 954 679 |
| Cumulative total | 2 973 | 29 548 | 70 386 | 94 399 | 142 852 | 201 868 | 283 070 | 390 731 | 493 968 | 555 283 | 611 916 | 678 855 | 831 600 | 952 118 | 954 679 | – |

23. Actual cumulative project expenditure for the period from 2014 to 28 February 2025 amounts to SwF 622.7 million and projected expenditure for the remainder of 2025 is estimated at SwF 56.1 million, as shown in tables 2 and 3.

Table 2
Cumulative actual and projected expenditure for 2014–2025, by funding source

(Thousands of Swiss francs)

| <i>Funding source</i> | (A) | (B) | (C) | (D=B+C) | (E) | (F=D/E) |
|--|------------------------------|---|---|--|---|--|
| | <i>Funding 2014–2025</i> | <i>Expenditure as at 28 February 2025</i> | <i>Projected expenditure March– December 2025</i> | <i>Total projected expenditure 2014–2025</i> | <i>Latest cost plan for implementing the full scope</i> | <i>Consumption rate (percentage)</i> |
| Cumulative projected Member States funding | 355 585.4 | 326 454.2 | 28 902.1 | 355 356.3 | 552 778.7 | 64.3 |
| Cumulative projected Swiss loan funding | 321 600.0 | 296 068.0 | 25 532.0 | 321 600.0 | 400 000.0 | 80.4 |
| Cumulative other funding | 1 900.0 | 210.5 | 1 689.5 | 1 900.0 | 1 900.0 | 100.0 |
| Total | 679 085.4 | 622 732.7 | 56 123.6 | 678 856.3 | 954 678.7 | 71.1 |

Table 3
Cumulative actual and projected expenditure inclusive of contingencies^a for 2014–2025, by cost category

(Thousands of Swiss francs)

| <i>Cost category</i> | (A) | (B) | (C) | (D=B+C) | (E) | (F=D/E) |
|---|------------------------------|---|---|--|---|--|
| | <i>Funding 2014–2025</i> | <i>Expenditure as at 28 February 2025</i> | <i>Projected expenditure March– December 2025</i> | <i>Total projected expenditure 2014–2025</i> | <i>Latest cost plan for implementing the full scope</i> | <i>Consumption rate (percentage)</i> |
| Construction and refurbishment | 457 331.7 | 406 128.4 | 42 815.5 | 448 943.9 | 684 996.0 | 65.5 |
| Design, consultancy and contracted external expertise | 141 273.7 | 159 323.5 | 7 846.8 | 167 170.3 | 190 240.8 | 87.9 |
| Associated costs | 31 206.2 | 14 461.5 | 1 216.6 | 15 678.1 | 21 246.5 | 73.8 |
| Project management team and operational expert team | 48 490.2 | 42 350.9 | 4 205.0 | 46 555.9 | 57 592.0 | 80.8 |
| Travel | 783.6 | 468.4 | 39.7 | 508.1 | 603.4 | 84.2 |
| Total | 679 085.4 | 622 732.7 | 56 123.6 | 678 856.3 | 954 678.7 | 71.1 |

^a Contingencies are included in the relevant cost categories.

24. As shown in table 2, the cumulative funding from assessments on Member States amounts to SwF 355.6 million. The projected cumulative expenditure against that funding source until the end of 2025 is currently forecast at SwF 355.4 million. This projection yields an expected year-end balance from appropriations and assessments from Member States of approximately SwF 200,000 at the end of 2025, to be carried forward to 2026. The actual year-end balance may vary depending on the progress of the work by the end of 2025 and any further use of contingency.

25. The cumulative approved funding expected to be drawn from the Swiss loan by the end of 2025 amounts to SwF 321.6 million. The expected cumulative expenditure at the end of 2025 against the Swiss loan is SwF 321.6 million. There is no expected year-end balance from the loan at the end of 2025, and thus no balance is expected to be carried forward to 2026.

26. The cumulative expenditure against other funding sources relates to the funding from voluntary contributions received from Andorra, China, Monaco and Montenegro. Projected cumulative expenditure of SwF 1.9 million at the end of 2025 relates to design and renovation activities funded by those donations.

B. Appropriations and assessments

27. Figure XI depicts the overall financing scheme based on the estimated annual expenditures for each financial period. This scheme is in line with the approach taken by the General Assembly when it decided on the appropriations for the project in all past periods. To ensure simplicity of presentation in the present report, which is a technical update to the eleventh annual report, the overall financing overview tables and graphs reflect only the funding scheme based on annual projected expenditure, which is the approach that the Assembly has consistently taken for this project. It is understood that the Assembly has continued to indicate its readiness to revert to the establishment of an assessment scheme and currency of appropriation and assessment for the strategic heritage plan, including at the main part of its eightieth session (see resolution 79/258, sect. XVII, para. 23).

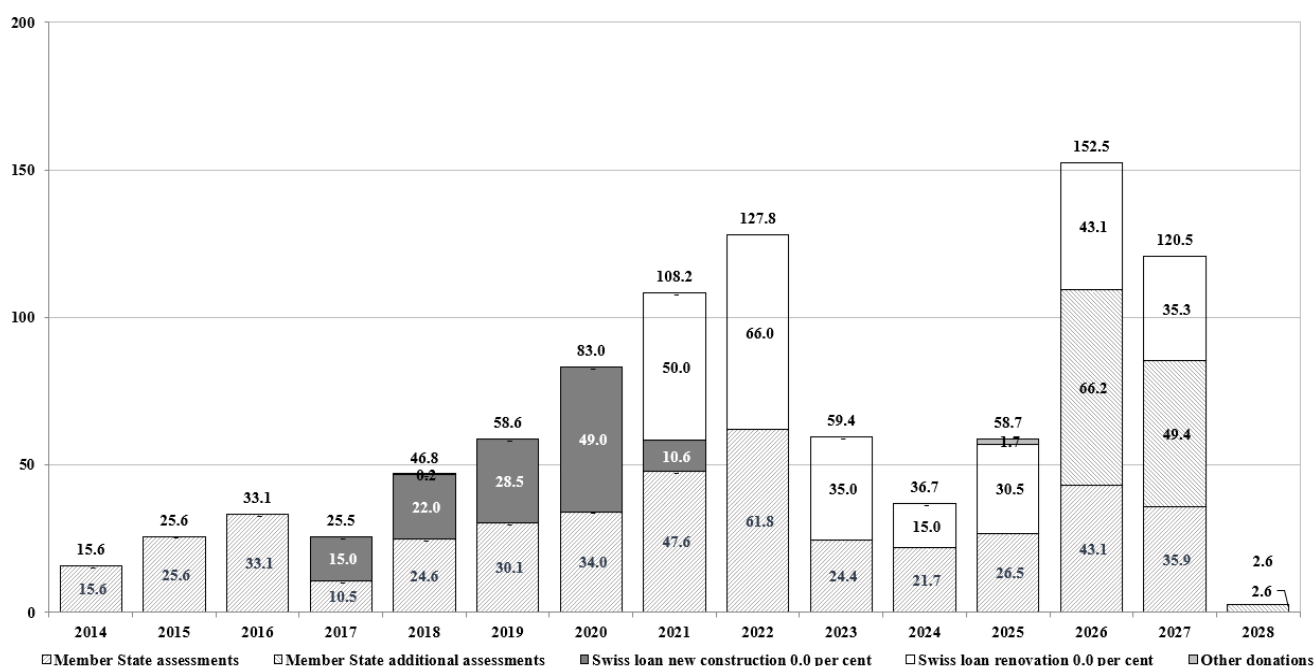
28. The yearly use of the renovation loan and of assessed contributions has been determined in 2025 as 50 per cent of the total required funding from the loan and 50 per cent from assessed contributions (less any income received from voluntary donations and including any carry-over from previous periods under the respective funding source). From 2026 onward, while the annual percentage of the loan compared with annual expenditure will be reduced to below 50 per cent, the loan will continue to be used until the end of the project. Given that assessed funding will comprise a bigger portion of the annual expenditures in 2026 and 2027 compared with past years, and depending on the timeliness of the assessments received from Member States, there could be some cash flow uncertainty in the project.

29. As shown in figure XI, and based on the latest cost plan for implementing the full scope of the project as indicated in table 1, the additional assessments on Member States will occur from 2026 to 2028, with an additional SwF 66.2 million in 2026, SwF 49.4 million in 2027 and SwF 2.6 million in 2028, which add up to the total of the SwF 118.2 million increase over the approved maximum cost of SwF 836.5 million.

Figure XI

Overall financing overview: appropriation and loans based on annual projected expenditures

(Millions of Swiss francs)



V. Options and cost-benefit analyses to manage costs and schedules

30. Alongside formulating the updated cost plan to implement the full scope of the project, rigorous analysis has been undertaken to identify options that avoid cost overruns, with cost benefit analyses for each option, including sunk costs, future costs of deferred work and risk considerations.

31. The guiding principles that set the scene for the analysis are as follows:

(a) The approved scope of the project is to undertake work that is strictly necessary to preserve heritage, comply with health, fire and life safety codes, assure accessibility, reduce energy consumption and modernize in-person conferencing. Decorative and desirable elements that are beyond this strict requirement remain out of scope;

(b) The original approved maximum cost for the project was set in 2015, 10 years ago, to perform major renovations in buildings that were constructed 52 years ago, in the case of building E, and between 87 and 96 years ago, in the case of the historic buildings. While the original budget included contingency for unknown conditions, major renovations of buildings of this age are typically fraught with unexpected conditions relating to the state of the existing structure and materials. From the outset of the project, the risk management model anticipated cost overruns;

(c) The historic buildings, excluding building E, were the second largest building complex in Europe at the time of their completion, only 4 per cent smaller than the Palace of Versailles. The project remains one of the largest historic renovation projects in the world;

(d) The cost overruns are largely driven by external factors, including critical work stoppages during the COVID-19 pandemic, ensuing inflation in the cost of construction materials and services, systemic delays in supply chains and scarcity of skilled labour, as well as the unknown extent of deterioration of the historic buildings;

(e) The cost overruns of 14 per cent are below the average overruns of 32.1 per cent for capital projects of this scale during the same period;¹

(f) While the revised maximum cost is the minimum requirement to implement the full scope, alternative options are possible but entail a reduction of the scope of the project and the deferral of necessary work. Due to the interdependence of major elements of the renovation, only those scenarios that cost less than the proposed budget are presented. Options that leave some elements incomplete but that cost more than the budget to complete the project, due to the additional design requirements, have been excluded;

(g) Any of the presented options are achievable but entail trade-offs of budget and scope;

(h) The contingencies are developed manually by the project team based on historical information and anticipated events and are not based on the probabilistic Monte Carlo model;

(i) All options that have a reduced scope also include a potential cost of deferred work. This cost is based on current cost data in the project, including the estimated portion of the renovation work plus a provision for loss of economies of scale when separated from the main project, the cost for redesign given that the existing technical design will not be fully reused, associated costs, internal project management costs, escalation based on the assumption of commencement of work in

seven years, and additional maintenance costs given the extent of deterioration of structures and equipment;

(j) These options also include the sunk costs of deferred work. This cost is based on actual expenditure in design, any preliminary work, associated costs and internal project management costs that are directly related to the scope that will be deferred;

(k) The impact on the schedule is against the baseline of the end of 2027, and such impacts are due to the estimated time required for redesign, taking into account that the existing technical design assumes the full scope and will need to be adapted to a reduced scope in a manner that minimizes future occupancy hazards;

(l) The risk summary is against the baseline of implementing the full scope. The implementation risk is specific to the period until substantial completion of the work, while the residual risk is specific to the period thereafter, taking into account interfaces between complete and incomplete building sections, the concurrent maintenance of older and newer building systems and the occupancy hazards in deferred building sections;

(m) The greatest risk to the project is the absence of a decision by 30 June 2025, after which programmatic delays and substantial irrecoverable expenditure for claims on the delays, estimated at SwF 2.5 million per month from July 2025, will be incurred, as reported in the eleventh annual progress report.

32. This analysis identified numerous permutations and combinations of adjustments to the scope of the project. Given the interdependence of major elements of the work, such as the replacement of plumbing also requiring the abatement of asbestos, four options (one of which has two variants) are deemed viable. Table 4 provides a summary of the options, including consideration of financing of the project, financing of deferred work, schedules and risk. The table is followed by a description of each option.

Table 4
Options of budget and scope

(Thousands of Swiss francs)

| Description | Option | | | | |
|-------------|---|---|---|--|--|
| | Implement the full scope approved in resolution 70/248 | Maintain the budget approved in resolution 70/248, but reduce the scope | | Complete building E and defer work on remaining historic buildings | Complete historic buildings and limited work in building E |
| | | Variant 1 | Variant 2 | | |
| | Complete the project's full scope. Raise the approved maximum cost. | Prioritize completion of remaining historic buildings, with limited work in building E. Maintain the approved maximum cost. | Prioritize available funding for building E and defer work on remaining historic buildings. Maintain the approved maximum cost. | Complete building E and defer work on remaining historic buildings. Raise the approved maximum cost. | Complete remaining historic buildings, building E exterior work, lifts and some audiovisual work. Raise the approved maximum cost. |

Project scope implementation

Remaining work on historic buildings (A, B and S)

| | | | | | |
|--|-----|-----|----|----|-----|
| Preserve heritage | Yes | Yes | No | No | Yes |
| Comply with health, fire and life safety codes | Yes | Yes | No | No | Yes |

| | | <i>Option</i> | | | | |
|---|-----------------------|---|--|----------------------------|---|---|
| | | <i>Implement the full scope approved in resolution 70/248</i> | <i>Maintain the budget approved in resolution 70/248, but reduce the scope</i> | | <i>Complete building E and defer work on remaining historic buildings</i> | <i>Complete historic buildings and limited work in building E</i> |
| | | | <i>Variant 1</i> | <i>Variant 2</i> | | |
| Assure accessibility | Yes | | Yes | No | No | Yes |
| Reduce energy consumption | Yes | | Yes | No | No | Yes |
| Modernize in-person conferencing | Yes | | Yes | No | No | Yes |
| <i>Building E</i> | | | | | | |
| Preserve heritage | Yes | | Upgraded but not fully met | Upgraded but not fully met | Yes | Upgraded but not fully met |
| Comply with health, fire and life safety codes | Yes | | Upgraded but not fully met | Upgraded but not fully met | Yes | Upgraded but not fully met |
| Assure accessibility | Yes | | No | Upgraded but not fully met | Yes | Upgraded but not fully met |
| Reduce energy consumption | Yes | | Upgraded but not fully met | Upgraded but not fully met | Yes | Upgraded but not fully met |
| Modernize in-person conferencing | Yes | | No | Upgraded but not fully met | Yes | Upgraded but not fully met |
| Financial summary | | | | | | |
| Additional budget required | | 118 177 | – | – | 77 680 | 60 200 |
| Additional budget required (percentage) | | 14% | – | – | 9% | 7% |
| Total project cost | | 954 679 | 836 500 | 836 500 | 914 182 | 896 701 |
| Total project cost plus future cost of deferred work | | 954 679 | 1 170 880 | 1 217 030 | 1 040 972 | 1 150 441 |
| Savings compared with implementing the full scope | | – | 118 179 | 118 179 | 40 498 | 57 978 |
| Estimated future cost of deferred work (7 years) | | – | 334 380 | 380 530 | 126 790 | 253 740 |
| Sunk costs of deferred work | | – | 93 930 | 112 130 | 40 860 | 71 270 |
| Schedule summary | | | | | | |
| Schedule impact | Baseline: end of 2027 | | Negligible | +12 months | Negligible | +12 months |
| Date by which decision is required | 30 June 2025 | | 30 June 2025 | 30 June 2025 | 30 June 2025 | 30 June 2025 |
| Risk summary | | | | | | |
| Implementation risk | Low | | Medium | High | Low | High |
| Residual risk | Low | | Medium | High | High | Medium |
| Financial breakdown | | | | | | |
| <i>Construction, renovation and associated costs</i> | | | | | | |
| New building H | | 122 461 | 122 461 | 122 461 | 122 461 | 122 461 |

| | <i>Option</i> | | | | |
|--|---|--|------------------|---|---|
| | <i>Implement the full scope approved in resolution 70/248</i> | <i>Maintain the budget approved in resolution 70/248, but reduce the scope</i> | | <i>Complete building E and defer work on remaining historic buildings</i> | <i>Complete historic buildings and limited work in building E</i> |
| | | <i>Variant 1</i> | <i>Variant 2</i> | | |
| Building A (including cafeteria) | 162 749 | 162 749 | 152 419 | 152 419 | 162 749 |
| Building B | 35 268 | 35 268 | 14 138 | 14 138 | 35 268 |
| Building C | 39 538 | 39 538 | 39 538 | 39 538 | 39 538 |
| Building D | 18 469 | 18 469 | 18 469 | 18 469 | 18 469 |
| Building S | 51 773 | 51 773 | 38 972 | 38 972 | 51 773 |
| Building E (including dismantling, net of subsidies) | 217 068 | 94 597 | 137 122 | 217 068 | 137 179 |
| Tempus | 8 235 | 8 235 | 8 235 | 8 235 | 8 235 |
| Associated costs | 20 522 | 18 814 | 19 721 | 19 721 | 20 522 |
| Contingency | 30 116 | 36 116 | 23 932 | 34 116 | 39 014 |
| <i>Programme management costs</i> | | | | | |
| Contractual consultancy services | 180 330 | 180 330 | 184 330 | 182 330 | 184 330 |
| Internal project management costs | 57 858 | 57 858 | 63 858 | 56 416 | 63 858 |
| Contingency | 9 718 | 9 718 | 12 718 | 9 718 | 12 718 |
| Escalation | 574 | 574 | 587 | 580 | 587 |
| Subtotal, core costs | 914 845 | 790 666 | 799 850 | 870 348 | 844 969 |
| Subtotal, contingencies | 39 834 | 45 834 | 36 650 | 43 834 | 51 732 |
| Total project cost | 954 679 | 836 500 | 836 500 | 914 182 | 896 701 |

33. Should the General Assembly approve the revised maximum cost of SwF 954.7 million, the United Nations Office at Geneva will fully implement the approved scope of the project by the end of 2027. Within this revised maximum cost, SwF 39.8 million is planned as contingency. As shown in figure XI, the additional assessments (above the original approved maximum cost) on Member States will occur from 2026 to 2028, with an additional SwF 66.2 million in 2026, SwF 49.4 million in 2027 and SwF 2.6 million in 2028.

34. The option to maintain the original approved maximum cost will result in the deferral of major work. If such a decision were to be made, the General Assembly would also need to indicate in its decision which of the two variants will be the reduced scope:

(a) Variant 1: the remaining historic buildings will be completed, and the balance of SwF 94.6 million will be spent on building E. The scope of work in building E will be limited to exterior elements, including the dismantling of the tower, the replacement of the roof on the conference section of the building, also known as the podium, the rooftop energy centre, the replacement of the lakeside façade for which the glass has already been ordered and manufactured, and the installation of revolving doors. Inside the building, the only work will be the replacement of the lifts and escalators, which is required due to the change in the height of the building after the demolition of the tower, and the related mechanical, electrical and plumbing work.

All other interior work in building E will be deferred, including the remaining heritage-related work; work related to health, fire and life safety, accessibility and conferencing; all interior finishes; and remaining mechanical, electrical and plumbing work. While this variant costs SwF 118.2 million less than the full-scope implementation, the potential future total cost of deferred work is SwF 334.4 million, assuming commencement of work in seven years, alongside the SwF 93.9 million in sunk costs. The implementation risk is medium due to the partial work performed in building E, with the residual risk also being medium due to the occupancy hazards that remain in building E and due to the moderate difficulty of completing that building later;

(b) Variant 2: the remaining historic buildings will be deferred, while the available balance of SwF 137.1 million will be invested in building E. In addition to the scope of work in building E as in variant 1, this variant will include restoration of the remaining heritage façade and some replacement of in-person conferencing capabilities, including audiovisual and information and communications technology, i.e. work that can be performed without major intervention on mechanical and electrical systems and disruption and abatement of hazardous materials, including asbestos. All other interior work in building E will be deferred, including the remaining heritage-related work; work related to health, fire and life safety, accessibility and the remaining conferencing work; all interior finishes; and the associated mechanical, electrical and plumbing work. For the historical buildings, all remaining work will be deferred, including: (i) in building A, the food service facilities, the cafeteria kitchen and technical and public areas; (ii) in building B, the library and archive storage and public areas, as well as office space; and (iii) in building S, section S2 office and technical areas. While this variant costs SwF 118.2 million less than the full-scope implementation, the potential future total cost of deferred work is SwF 380.5 million, assuming commencement of work in seven years, alongside the SwF 112.1 million in sunk costs. The implementation risk is high due to the difficulty of partial work performed in building E, as reflected in the schedule impact of 12 months for redesign, with the residual risk also being high, driven by the occupancy hazards in the remaining historic buildings.

35. Between the option of increasing the approved maximum cost for full-scope implementation and the option of reducing scope to remain within the approved maximum cost, two additional intermediate options are achievable.

36. In one such option, building E will be completed, while the remaining historic buildings will be deferred, including: in building A, the food service facilities, the cafeteria kitchen and technical and public areas; in building B, the library and archive storage and public areas, as well as office space; and in building S, section S2 office and technical areas. This option costs SwF 914.2 million, which is SwF 77.7 million, or 9 per cent, above the present approved maximum cost. While this option costs SwF 40.5 million less than the full-scope implementation, the potential future total cost of deferred work is SwF 126.8 million, assuming commencement of work in seven years, alongside SwF 40.9 million in sunk costs. The implementation risk is low, while the residual risk is high, due to the occupancy hazards in the remaining historic buildings.

37. In the last-mentioned option, the remaining historic buildings will be completed, and in building E the same scope of work will be completed as in variant 2, described in paragraph 34 (b), which is effectively the maximum partial scope of building E due to the interdependent nature of the renovation work. The scope of work in building E will cover all exterior elements, including the dismantling of the tower, the replacement of the roof on the conference section of the building, the rooftop energy centre, the replacement of the lakeside façade and the restoration of the remaining heritage façade, and the installation of revolving doors. Inside the building, the work will include the replacement of the lifts and escalators, which are required due to the

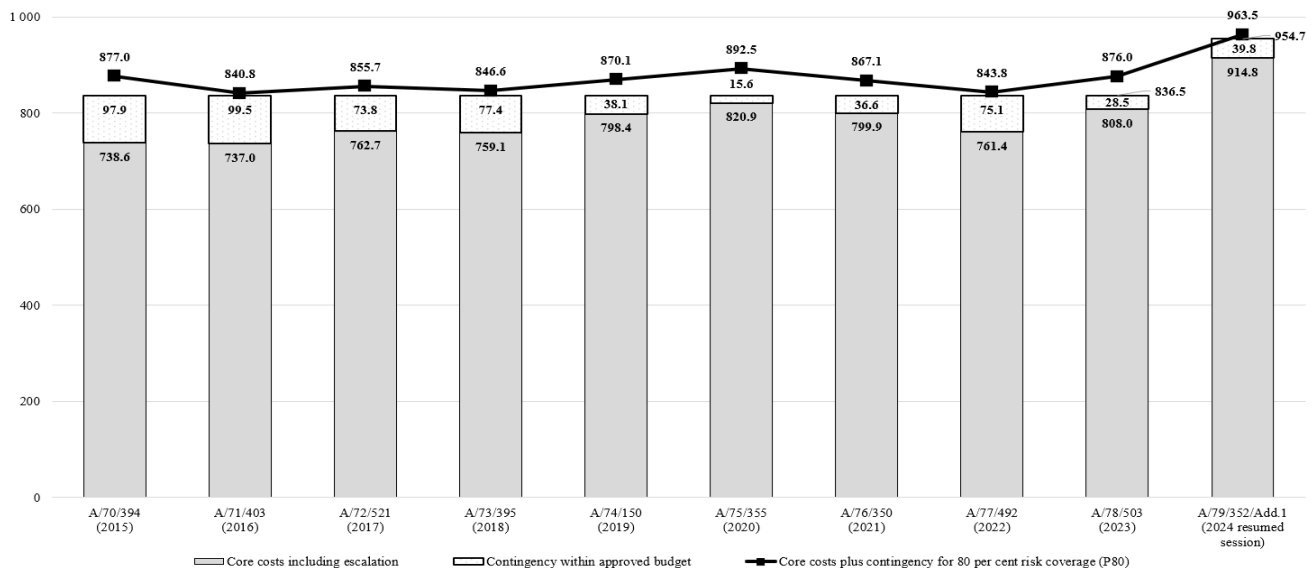
change in the height of the building, and the related mechanical, electrical and plumbing work, as well as some replacement of in-person conferencing capabilities, including audiovisual and information and communications technology, work that can be performed without major intervention on mechanical and electrical systems and disruption and abatement of hazardous materials, including asbestos. All other interior work in building E will be deferred, including the remaining heritage-related work; work related to health, fire and life safety, accessibility and the remaining conferencing work; all interior finishes; and the remaining mechanical, electrical and plumbing work. This option costs SwF 896.7 million, which is SwF 60.2 million, or 7 per cent, above the present approved maximum cost. While this compromise costs SwF 58.0 million less than the full-scope implementation, the potential future total cost of deferred work is SwF 253.7 million, assuming commencement of work in seven years, alongside SwF 71.3 million in sunk costs. The implementation risk is high due to the difficulty of partial work performed in building E, as reflected in the schedule impact of 12 months for redesign, while the residual risk is medium due to the occupancy hazards that remain in building E and the moderate difficulty of completing that building later.

VI. Contingency

38. In line with the comment of the Advisory Committee on Administrative and Budgetary Questions in paragraph 26 of its report on the eleventh annual progress report (A/79/7/Add.12), and pursuant to the request in paragraph 20 of section XVII of General Assembly resolution 79/258, the Monte Carlo model was not used as the basis for determining budgetary requirements of the strategic heritage plan.

39. As shown in figure XII, the latest cost plan for implementing the full scope of the project, in the amount of SwF 954.7 million, comprises SwF 914.8 million in core costs (including escalation) and SwF 39.8 million in contingency. The probabilistic value for 80 per cent of risk coverage (P80) would have required SwF 963.5 million. This value is presented only for information and was not used in the development of contingency in the cost estimate.

Figure XII
Trend of forecast project core costs and of available and probabilistic contingency
(Millions of Swiss francs)



VII. Recommended actions to be taken by the General Assembly

40. The General Assembly is requested to either: (a) approve the revised maximum cost of SwF 954,679,000 for the implementation of the full scope of the project, including authorizing the Secretary-General to conclude the guaranteed maximum price agreement for building E and to proceed with the remaining work; or (b) decide on one of the options to reduce the scope of the strategic heritage plan.

Annex

Risk management

1. The project faces one strategic risk that is largely external to the project, namely the risk that no decision will be made by the end of June 2025 on the budget or scope of the project or that authorization will not be granted to conclude the guaranteed maximum price agreement for building E and proceed with the work. Such a scenario would have profound implications on the project, resulting in programmatic delay and substantial irrecoverable expenditure for claims on the delay, estimated at SwF 2.5 million per month from July 2025.

2. If the General Assembly approves the revised maximum cost presented in the present report, the top five risks presented in table 2 of the eleventh annual progress report (A/79/352) will be retired, resulting in a significant reduction in risk exposure. A new set of top five risks will replace the retired risks, as shown below, each having relatively lower levels of risk compared with the retired risks.

Bankruptcy of the main contractor or a key sub-contractor

3. The project remains sensitive to local market conditions, in which supply chain options are limited, and certification requirements can create barriers to entry for alternative suppliers. The limitations in cash flow from the United Nations Office at Geneva to the project's suppliers, the escalating material costs and resource limitations have placed the supply chain under stress, with this now becoming one of the highest remaining risks to the project.

Design and contract administration performance, including by the main contractor

4. The project is reliant on effective and efficient management of design, project, contract and administration processes. The project is highly reliant on the performance of the main contractor, both in managing its contract with the United Nations Office at Geneva and in administering the range of subcontracts under its control. Review and approval of design drawings can be problematic, with errors and omissions identified late.

Contractor resourcing

5. The project continues to be highly reliant on the provision of sufficient suitably experienced construction resources that are in line with the project programme, including the availability of specialist subcontractor resources. The provision of alternative expertise is affected by local market and economic conditions that result in alternative resources being scarce, expensive and largely unavailable in the numbers required.

Interface and dependencies management

6. Project sequencing relies on the progressive completion of sections of the historic buildings to release key construction resources and to enable staff moves to vacate sections that are scheduled for renovation. This risk reflects the complex interdependencies between sections, especially between the historic buildings and building E, and is further complicated by constraints caused by the business continuity requirements for conferencing.

Disruptions to the renovation work

7. The project is being undertaken on buildings that are occupied, in use for conferencing or operational purposes, or where staff and materials are due to be relocated. This risk reflects the complex relationships between business continuity and accommodating the needs of delegates, staff and visitors in a safe environment, while allowing progress on a construction site that has safety considerations and can cause significant disruption and inconvenience.
