



**Remarks by Mr. Michael Møller  
United Nations Under-Secretary-General  
Director-General of the United Nations Office at Geneva  
13th Formal meeting of the Fifth Committee**

**17 November 2015**

**Mr. Chairman,  
Distinguished Members of the Committee,**

**I am pleased to be here today to introduce the Secretary-General's second progress report on the Strategic Heritage Plan of the United Nations Office at Geneva, which is submitted herewith for your consideration pursuant to General Assembly resolutions 68/247, part V and 69/262 part III.**

**Before I enter into technical details about the Strategic Heritage Plan (SHP), let me take a few minutes to reflect on what it is that we are requesting you to protect and invest in: the historic building of the “Palais des Nations”.**

**The foundation stone of the Palais des Nations was laid in September 1929, by the League of Nations, who had chosen Geneva as the**

**League's headquarters in recognition of the city's particular tradition of international diplomacy.**

**Dissolved in April 1946, the League of Nations handed over its properties and assets to the United Nations Organization, formally becoming the United Nations Office at Geneva in 1966.**

**Today, the overall complex is 600 metres long, 2.5 million square feet (234,000 square meters), and hosts 34 conference rooms and 2,800 offices, making it the largest United Nations centre after United Nations Headquarters. With over 10,000 meetings and more than 60,000 delegates per year, it is a world centre of excellence for diplomatic conferences and an operational base for a great number of activities in the diplomatic, economic and social fields. It is, in fact, an operational hub of the international system with extraordinary reach and impact.**

**Less than two months ago, the new framework guiding our collective work for the next 15 years - "the 2030 Agenda for Sustainable Development" - and the 17 "Sustainable Development Goals" (SDGs) were formally adopted.**

**International Geneva has an important role to play helping implementing this universal, integrated and transformative vision for a better world, as a great number of agencies that have the mandates and the wherewithal to help Member States achieve these goals are based in**

**Geneva. We have more than 30 international organisations and institutions and hundreds of international NGOs present here, not to speak of the many private sector and academic institutions. We can only support Member States effectively if we help engineer much greater collaboration and integration of all the various entities within the UN system itself and with our partners. And a fully functional and cost effective ‘home’ of the United Nations in Geneva is indispensable to do just that.**

**We are asking you to ensure that an important piece of the UN’s physical infrastructure - the physical symbol of ‘International Geneva’ that is the Palais des Nations - receives your green light to remain a fully functional and cost effective and professional platform for its essential work on peace, rights and well-being for generations to come.**

**The Secretary-General's second progress report on the Strategic Heritage Plan, which I have the privilege of introducing today, details the elements of the project and the actions recommended to be taken by the General Assembly.**

**Significant progress has been made on the SHP since the approval of the implementation strategy by the 69<sup>th</sup> Session of the General Assembly. The project team has incorporated lessons learned from**

other capital projects undertaken by the Organization, including the Capital Master Plan. In-depth site assessments and surveys have been completed, as have the design master plan, feasibility study, and the concept design. The project objectives as initially set forth in the Secretary-General's report 66/279 and further developed in 68/372 remain the central organizing principles of the project. This is a renovation project that will safeguard this historical site while bringing the complex up to modern building and life safety standards.

In summary, the Strategic Heritage Plan will achieve the following:

- **The preservation of the historic site** by providing much needed upgrades that will allow it to properly function for generations to come.
- **Safer buildings**, through the correction of fire safety deficiencies and the removal of hazardous material;
- **Increased accessibility** for persons with disabilities;
- **Reduced operating cost** through greater energy efficiencies and the consolidation of UN Secretariat operations;
- **More functional and modern conference facilities**;
- **Additional and more flexible workplaces** with 25% office space efficiency gains (700 additional staff);

Over the last year, the project scope definition has advanced from the planning stage to the concept design stage, and I am pleased to report that the implementation strategy approved by the General Assembly in its resolution 68/247, for planning and design purposes, has been

**confirmed to be technically feasible and within the funding target of CHF 836.5 million. Of this amount, CHF 41.2 million have been spent under the regular budget for the biennium 2014-2015, meaning that the residual estimated cost to implement the project is CHF 795.3 million.**

**The cost estimates have been updated and realigned according to the information collected during the detailed surveys and assessments and based on the expert recommendations of our design team.**

**It is important to note that there has been no increase in either the proposed budget or scope of the project. The project implementation timeframe has been reconfirmed based on the assumption that the SHP project will be authorized by end of this year.**

**Let me stress at this point that provision of adequate contingency funding is an essential prerequisite for the success of such a major multi-year capital project. The Secretary-General's related proposals are in line with international industry standard practice to deal with procurement risk, unforeseen site conditions, and other issues that may arise during the course of the project.**

**Due to the greater clarity on the scope of the project, contingency funding for the project has been reduced from previously estimated levels. It has also been reallocated within the project according to in-depth risk analyses as described in the report. This reduction in**

contingency is in line with industry best practices where contingency amounts are reduced over time in line with reductions in uncertainty as the design is developed. It is our clear intention that any unused contingency will be returned to the Member States at the conclusion of the project and not be used for discretionary changes outside the current scope or objectives. However, it is very important that the contingency allocated to the project be available through the full duration of the works to ensure that we can fully accomplish the project scope and objectives.

The report also provides an update on project financing and alternative funding mechanisms, including the outcome of the negotiations with the host country aimed at obtaining the most favourable loan offer package. In this regard, I am pleased to confirm that the host country, Switzerland, has informed us of its willingness to grant to the United Nations a zero interest loan package in the amount of CHF 400 million, covering both the new construction and renovation parts of the project. The loan package is subject to approval by the Swiss Parliament. We understand from the Swiss Government that the loan approval process typically takes about 1 year, and that formal application for the loans, if approved by the General-Assembly, should be submitted in January 2016 in order for the funding to be provided in January 2017, which is when it is needed for the scheduled construction to begin.

**Our efforts to tap other alternative funding sources for the Strategic Heritage Plan are continuing in a proactive manner and will be intensified as soon as we have an approved overall project. To this end, I have made it a priority to encourage all Member States to become active partners in the renovation of the Palais des Nations through assuming responsibility for specific renovations projects or other bi-lateral contribution opportunities.**

**In this context, we have in recent years, attracted substantial donations from Kazakhstan, Switzerland, Turkmenistan, the United Arab Emirates, the Russian Federation and China for projects to improve the Palais des Nations. We are currently engaged in discussions with other Governments that have expressed serious interest in renovating conference rooms. I will be reaching out to the private sector and foundations in Geneva and beyond with the aim of raising funds for renovation activities subject to your approval of the proposed donation policy.**

**I see three main objectives for the fundraising activities :**

- 1. To heed the call of Members States to find innovative financing possibilities in order to diminish the overall cost to Member States.**
- 2. To be able to restore and renovate the structures in the UN compound not covered by the current proposed budget, namely a number of smaller buildings also used as office space.**

3. To secure a maintenance fund that will allow for the orderly and timely protection of the current sizeable investment by properly maintaining the property over the next decades.

**However, in order to move forward and enter into discussion of specific donation opportunities, it is essential to have the SHP project approved by Member States. In that regard, a proposed donation policy framework has been developed and included in the Secretary-General's report for Member States' consideration.**

Another potential funding mechanism, **land valorisation**, continues to be explored. We have succeeded in significantly raising rental income for one of the existing leases and are renegotiating the terms of the other. We are working with our colleagues at UNHQ on how to best progress on these matters. In order to ensure that the additional income created through alternative funding mechanisms is used to contribute to the financing of the SHP project and thus reduce the assessment to Member States, **the General Assembly would need to authorise the Secretary-General to credit the SHP project as proposed in the progress report A/69/417.**

Let me now turn to the Member States' concerns about **space efficiencies and flexible workspace arrangements** that are also addressed in the report. Our workplace strategy will achieve approximately **25% additional building occupancy** with the total



number of workplaces within the Palais des Nations increasing from 2,800 to 3,500. At the same time, the work environment will improve on many levels: collaboration space will be created; office space will be flexible and easily adapted to the evolving functional requirements of work styles, workplace strategies, and the needs of particular work units; the buildings will be safer in the event of a fire, and accessible for people with disabilities. Office space will be allocated more equitably than it is now, and more closely aligned with the overall UN space standards. Open office space plans will be fully incorporated into the new building and incorporated to the extent possible in the existing buildings, where a hybrid approach will be used to work within heritage, structural and cost constraints.

The SHP design team has developed a “kit of parts” approach for both the old and new buildings. This kit of parts will allow work units to customize their support spaces to better support their functional needs and will include elements that support the use of “hot-desking.” Importantly, the improved space efficiency will also provide significant cost avoidance when we bring other UN entities into the Palais by allowing leases to be cancelled and taking advantage of shared support infrastructure, such as security.

With regard to the governance of the project, and in accordance with the directions from the General Assembly to establish a robust governance structure as early as possible, a provisional Advisory Board has been established, with representation of Member States

**from all the Regional Groups in Geneva. I have invited His Excellency Mr. Jorge Lomonaco, Permanent Representative of Mexico, to serve as the first Chairperson of the provisional Board. He brings to this function great personal expertise and experience in this area. The other members are the Permanent Representatives of of Spain, Mozambique, Indonesia, The Bahamas, and Slovenia. This provisional Advisory Board has met once and is scheduled to meet again later this year. It will then meet at least on a quarterly basis in the future, if approved by the General Assembly.**

**In addition, a Steering Committee has been established, jointly chaired by myself and the Under-Secretary-General For Management, Mr. Takasu, that includes UN stakeholders from New York and Geneva. The Steering Committee has met twice and will continue to meet at least quarterly in the future; again, subject to the General Assembly's approval.**

**These two bodies have been established to provide indispensable oversight function for the project, as well as to advise me in my capacity as project owner.**

**Lastly, the report addresses a number of other key issues, including:**

- Measures taken to expedite the start of construction;**
- Integrated and independent project assurance;**
- Works of art, masterpieces and other gifts;**

- **Meeting key objectives, to include the heritage and architectural integrity of the Palais des Nations; and**
- **Re-use of existing furniture.**

**Looking ahead, the next major steps to ensure that the project is completed in line with current cost and schedule targets, are:**

- **To complete, in 2016, the design and tender documentation for the new building, to be used as temporary swing space prior to final occupancy;**
- **To start, in 2016, the procurement activities to select a construction contractor in 2017 for the new building;**
- **To complete, in 2018, the design and select a contractor for the renovation of existing buildings;**
- **To complete, in 2019, the new building and begin to use it as swing space;**
- **To start, not later than in 2019, the renovation of the existing buildings;**
- **To dismantle the ‘E’ building tower once the swing space is no longer needed; and, finally**
- **To complete the overall project in 2023.**

**Mr. Chairman, distinguished members of the Committee, the report of the Secretary-General underscores that the Strategic Heritage plan is proceeding in line with the previously established cost and schedule**

targets. These targets have been adopted by the project team as explicit project objectives, and we have every confidence that we can deliver the project accordingly.

**However, it is important that the General Assembly decides on the actions recommended by the Secretary-General in the present report, so that the project can proceed as planned.** I am sure the Committee is very much aware, but this point needs emphasizing, that delays in the design and tendering process will likely result in additional overall project costs. As current funding for the project expires at the end of this year, these decisions are urgently needed in order to maintain the positive momentum that has been established and to avoid the additional costs associated with delaying the project and dismantling the project team.

**In conclusion, the General Assembly is requested to approve the overall scope and schedule of the project, as well as its estimated cost to complete of CHF 795.3 million.**

The General Assembly is also requested to decide:

- Whether the project should be partly financed through a loan from the host country or solely through appropriation and assessments on Member States;
- On the scheme and currency of the appropriation and related assessments;
- On the establishment of a multi-year special account for the project;

- **On the establishment of a working capital fund in the amount of USD 20 million; and**
- **On the proposed donation policy.**

**Thank you Mr. Chairman and distinguished Members of the Committee for your attention. And a special thank you to the delegates among you who visited Geneva several months ago. You were able to see first-hand the ageing facilities and the urgent need for the renovation work to begin as soon as possible. I hope we can continue with this very useful practice and have regular visits over the next years by Fifth Committee delegates to familiarize themselves and the Committee with progress achieved.**

**With your support we look forward to moving this very important project forward as quickly as possible.**