

\*\*\* CHECK AGAINST DELIVERY \*\*\*

UNITED NATIONS



NATIONS UNIES

**Agenda items 135**

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

**FIFTH COMMITTEE**

Statement by

Mr. Pedro Guazo, Director, Finance, Office of Programme Planning, Budget and Finance  
25 November 2019

Mr. Chairman

Distinguished delegates,

I am pleased to introduce the Secretary-General's sixth progress report on the Strategic Heritage Plan of the United Nations Office at Geneva, submitted pursuant to section X of General Assembly resolution 70/248 and subsequent resolutions.

*Progress*

Significant progress has been made during this reporting period. This includes construction work on the new permanent building, which has reached roof level, and the installation of the glass façade, which is well under way. The construction contract for the renovation works for the historic buildings was signed on the 15 November, and the detailed design for the 1970's E Building is complete.

*Project schedule*

During the reporting period, the delivery date originally envisaged for the first floors of the new building H has been extended by 10 weeks. However, this time extension on building H does not impact other activities that would affect the overall programme schedule.

The start of the renovation works has slipped as a result of an adaptation to the contracting strategy to add a pre-construction services phase of six months to the contract schedule for the 1930s historic buildings. This adaptation has enabled the United Nations to secure high-quality competitive bids, despite market concerns over the risk of the contract owing to the age of the building, the heritage features, the scale of the works and the fact that the United Nations Office at Geneva will remain fully operational throughout the work. Further mitigation measures will be applied to try to complete the next stages more quickly, but the full programme of works are now projected to be completed in the middle of 2024.

#### *Project financing*

The report provides an update on project financing, including the latest forecasts on costs and expenditure.

I wish to highlight the recommendation for the General Assembly to decide on the scheme of appropriation and assessment, including for repayment of the host country loan starting in 2020, and on the currency of appropriation and assessment so that surety is given to the financing of the project given that the major contracts now committed by the Strategic Heritage Plan extend beyond the amounts of the interest free loan package provided by the host state.

#### *Risk Assessment and Contingency*

Contingency management continues to be informed by the probabilistic quantitative risk assessment methodology utilized for the project, which shows that the total budget required to achieve a P80 level of confidence would be CHF 33.6 million (4.0 per cent) higher than the approved budget.

This is a cause for concern, though since the general contractor for the renovation of the historic buildings has been appointed, these projections have already begun to show some improvement.

Mitigating actions are being proactively undertaken, and the Secretary-General remains confident that the project can be completed within the approved budget.

### *Valorization*

Through the long-term leasing of UN-owned land, an estimated gross income of between CHF 80 million to CHF 133 million can be realistically achieved. This income, less the preparatory and realization costs required to achieve it, would be returned to Member States under income section 2 of the programme budget over the next 90 to 100 years.

The General Assembly is requested to endorse the implementation of the valorization strategy outlined in the main report; authorize the expenditures on the preparatory works necessary to realize the maximum possible long-term revenue stream and take note that future progress on the valorization of UN-owned land in Geneva will be reported under income section 2 of the regular programme budget.

Mr. Chairman

Distinguished delegates,

The support of the General Assembly for this important project has been clear and consistent. The recommended actions of the General Assembly that would enable the project to continue as planned are laid out in Section VII of the report.

I thank you.