

Highlights of [GAO-03-566](#), a report to Honorable Michael Enzi, U.S. Senate

Why GAO Did This Study

The United Nations estimates that its planned renovation of the seven buildings on the Headquarters complex could cost almost \$1.2 billion. As the host country and the largest contributor to the United Nations, the United States has a significant interest in this project. This report (1) assesses the reasonableness of the U.N. process to develop the renovation plans, (2) analyzes the potential cost to the United States, (3) identifies critical milestones before construction can begin, and (4) discusses efforts to monitor and oversee the project.

What GAO Recommends

GAO is recommending that the Secretary of State encourage the United Nations to (1) complete and implement an effective project management plan and (2) provide its oversight offices with sufficient resources to conduct oversight throughout the renovation. GAO is also recommending that the Secretary of State define the mission and program goals of the task force currently monitoring the project and ensure that it has the necessary resources for the duration of the project.

The United Nations and Department of State agreed with our findings and recommendations. The Board of Auditors provided updated information on its budget and disagreed with our recommendation calling for the United Nations to provide it with resources to conduct oversight of the renovation

www.gao.gov/cgi-bin/getrpt?GAO-03-566.

To view the full product, including the scope and methodology, click on the link above. For more information, contact Joseph A. Christoff at 202-512-8979 or christoffj@gao.gov.

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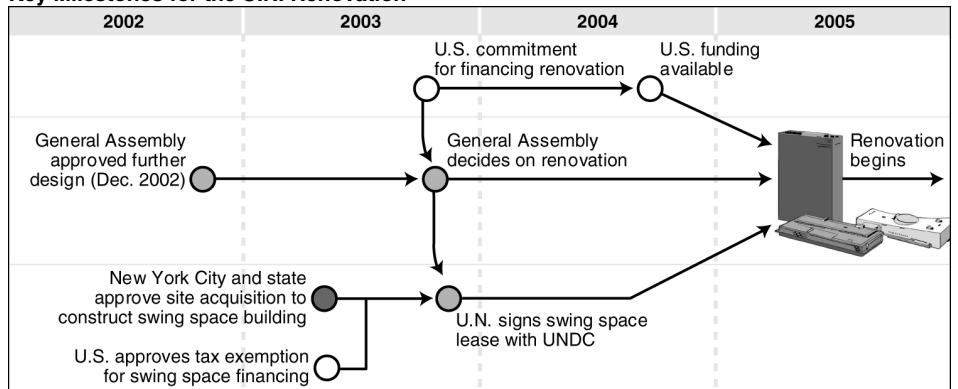
Early Renovation Planning Reasonable, but Additional Management Controls and Oversight Will Be Needed

What GAO Found

U.N. officials followed a reasonable process consistent with leading industry practices and recognized guidelines in developing the headquarters renovation plan—the first phase of a five-phase renovation process. As the project advances, changes in scope, schedule, and cost are to be expected. To finance the renovation, the Secretary-General anticipates a no-interest loan from the United States. However, U.S. and U.N. officials stated that neither the United States nor the United Nations have specified the nature of any financing commitment. GAO estimates that the financial impact of the renovation to the federal government, including providing a \$1.2 billion no-interest loan and repaying a share as a U.N. member, would be over \$700 million, depending on the loan terms and conditions.

Several critical milestones must be met for construction to begin as planned, including securing a financing commitment and signing a lease for a building where U.N. staff and delegates would relocate during the renovation (see diagram below). As the renovation project progresses, additional management, oversight, and monitoring is needed. The United Nations plans to complete a project management plan, which would help the United Nations control cost and schedule. While the United Nations has approved initial funding for the Board of Auditors to conduct oversight of the renovation and the board is preparing its audit strategy, the Office of Internal Oversight Services does not have the resources or audit strategies needed to effectively conduct oversight of the renovation. The Department of State has assembled a task force to monitor the renovation, but the department will need to define the task force’s mission and program goals. Doing so would allow the department to develop strategies for employing the appropriate skill mix needed to achieve a successful outcome for the task force.

Key Milestones for the U.N. Renovation



○ U.S. milestones ● U.N. milestones ● UNDC^a milestones

Sources: United Nations and GAO.

^aUnited Nations Development Corporation.