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Statement by Mr. James P. Grant
Executive Director of the United Nations Children's Fund (UNICEF)
at the
Special Session of the UNICEF Executive Board
on Headquarters Office Accommodation

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First, let me congratulate you, Madame Chairperson, on your election as Chair of the UNICEF Executive Board. I am certain that, under your wise leadership and guidance, we will together -- Board and Secretariat -- successfully move forward at this Special Session to resolve, once and for all, our longstanding Headquarters office accommodation problem.

Before I begin my statement on this issue, I would like to join our Chairperson in expressing our deep sympathy and condolences to the people of India in view of the widespread suffering, loss of life and property caused by the devastating earthquake which occurred last week. Our hearts go out to the victims of this catastrophe, and I can assure you that UNICEF is already taking steps to help alleviate the suffering caused by this terrible tragedy. The first UNICEF supplies have already arrived in the disaster area.

Also, I would like to report briefly on the successful Roundtable held here at UN headquarters on 30 September, on the occasion of the 3rd anniversary of the World Summit for Children. At the invitation of Secretary-General Boutros Boutros-Ghali, Heads of State and Government from seven nations, and Special Envoys and Foreign Ministers from 16 others -- all of whose heads of state and government had signed the World Summit for Children Declaration and Plan of Action -- gathered to report on their country's follow-up to the summit. It was, I must say, inspiring to see world leaders coming together again on the issue of children's well-being. It confirmed that much is being done, and displayed once again the willingness of top leaders to commit themselves and their governments to achieve concrete, measurable goals on a common timetable -- in this case the mid-decade goals that will, if successful, save the lives of an additional two million children per year by 1996 and eliminate the main causes of preventable mental retardation and blindness among children.

And it was encouraging, indeed, to hear the Secretary-General refer to the progress that the World Summit for Children has sparked and his call for extra efforts to ensure that its goals are achieved. As President Clinton said in his address on the opening

day of the General Debate in the General Assembly: "We are compelled to do better by the world's children." Let me just say that this Executive Board, which early on believed in the importance of a global summit as a means of moving children high up on the development agenda, ought to feel proud of all that's been accomplished -- even as we redouble our efforts to reach our targets. Congratulations!

Regarding the office accommodation issue that is at hand, I wish to assure the Board that in preparing the Report (E/ICEF/1993/AB/L.15) that is now before you, the Secretariat took fully into account, and carried out, all of the instructions of the Board, as set out in Decision 1993/22. I believe we have addressed, meticulously, each and every element of the Decision taken by the Board. We have also taken into account, and given full consideration to, the views and constructive observations made by the ACABQ in every one of its reports.

I will not reiterate here all the financial and non-financial arguments that are detailed in the Report. I am convinced that the thrust of our proposal -- contained in paragraph 59 of the Report -- is clearly and unambiguously what is best for the long-term interests of this organization and its staff, best for the United Nations, best -- ultimately -- for the cause we serve. In summary, my recommendation is that we retain, and eventually own, UNICEF House, and also acquire a condominium interest in 633 Third Avenue, under the dramatically improved terms contained in the latest offer from New York City, enabling us to consolidate all New York headquarters staff in two locations near one another and the United Nations.

Unlike the recommendation presented at the regular Board session earlier this year -- which emphasized its non-financial benefits -- the proposal before you today is not only preferable in non-financial terms, but it is also the lowest cost suitable alternative.

The numbers speak for themselves. The Secretariat's independent real estate consultant used conservative assumptions to calculate the savings offered by the UN district option as compared to the New Rochelle alternative. The figures are fully documented in the Report, as well as in supplementary tables which were circulated to Board members at last week's informal session. We will be glad to provide copies of the real estate consultant's full, detailed report to Board members who wish to see it. It is available today, at the back of the room.

Compared to the previous offer from New York City/UNDC for the UNICEF House/633 Third Avenue twin location package -- which we presented at the last regular Board meeting -- the new one, which we are recommending today, involves a savings (not including sub-lease income) of an estimated \$100 million in nominal terms over the 32 year period 1995-2026. In terms of net present value, the improvement amounts to about \$27 million.

Compared to the cost of maintaining the status-quo -- that is, retaining all existing leases and renting new expansion space as needed -- the savings offered by the current proposal amounts to about \$170 million in nominal terms, or \$30 million in net present value, over the same 32 year period.

Moreover, and in addition to the aforementioned savings, given the higher value of New York City real estate, UNICEF House and the 633 Third Avenue condominium would have a combined residual value estimated at \$200 million at the end of the 32 year period, as compared to \$122 million for the New Rochelle building -- a difference of \$78 million in favour of the New York City option.

The financial concessions we were able to obtain from New York City are so great that our real estate consultant, who had previously recommended a relocation option outside of Manhattan on strictly financial grounds, changed his recommendation and now strongly backs the proposal we put before you today. His reasons are detailed in paragraphs 73-75 of his report.

In this connection, I can assure you that I have not lost sight of the fact that these improvements in the proposal were achieved only after several sessions of deliberations by this Board and the ACABQ. You have asked the right questions and sought the best possible outcome. We have come a long way, indeed, having won substantial concessions that make the Secretariat's proposal the most sensible and cost-effective option, the option that will permit UNICEF to fulfill its mandate in the most efficient manner.

I trust you will agree that there is a world of difference between the two main alternatives. Above and beyond the real estate cost-savings, the Secretariat's proposal would only divide staff between two buildings that are in close proximity to one another and located in the UN/diplomatic district. It involves major savings compared to current costs. And 633 Third Avenue allows us the greatest flexibility if staff growth either exceeds or is less than our projections.

The other option entails a radical split that would place a vital part of our operation outside the UN district and outside New York City. For the reasons detailed in paragraphs 42-57 of my Report on Headquarters Office Accommodations, relocating part of UNICEF to New Rochelle would seriously weaken the internal cohesiveness and efficiency that UNICEF has achieved; it would undermine the interaction with strategic UN and diplomatic counterparts that is absolutely vital to our functioning, especially in this period of increased UN system collaboration and reform. And again, I must emphasize that the New Rochelle option is inferior from a strictly real estate financial point of view to the one recommended by the Secretariat.

If, however, our full proposal is not acceptable to the Board, let us, at the very least, move forward without undue delay on the part of it that covers UNICEF House. This would almost immediately reduce our rental costs in New York City by at least \$165,000 per month. It would allow UNICEF, in due course, to gain outright and unconditional ownership of the building. Under this option, our medium-term needs for additional space would be met through extending lease agreements for the 333 East 38th street and One Dag Hammarskjold locations. Approval of this component of the Secretariat proposal would, I believe, address key concerns expressed by the Advisory Committee. In particular, it would permit us to resolve our longer-term space issues in the context of the results of the forthcoming UNICEF management review and a broader UN system study of the whole office accommodation situation in New York.

Still, your Secretariat feels strongly that its proposal merits approval in its entirety, and without further delay. A great deal of time and effort have been devoted, over the past four years, to finding a solution to a space problem arising, essentially, from the effectiveness of UNICEF's work and the increasing demand for our support on the part of the poorest nations of the world.

A senior United Nations official commented before the ACABQ that UNICEF is "light-years ahead" of the rest of the UN system in New York with respect to office space planning. Further delay in making a definitive decision on this matter would not only exacerbate our office accommodation problem, while forcing senior management to continue diverting human and material resources from the programmes for children which are UNICEF's *raison d'etre*, but would also result in a loss of \$165,000 every month.

Before closing, I would like to emphasize UNICEF's sincere appreciation for the creative and innovative offer submitted by the City of New Rochelle, and for the outpouring of support for UNICEF and the United Nations on the part of the New Rochelle community as a whole. There are, of course, numerous aspects of the New Rochelle offer that make it highly attractive. On balance, however, the strengths of the financial and non-financial aspects of the New York City/UNDC offer are, we believe, objectively overwhelming and merit our enthusiastic and confident support.

In closing, I want to thank you for your attention and for caring about UNICEF and our mission as much as all of you do.