



UNITED NATIONS ECONOMIC COMMISSION FOR EUROPE
COMMITTEE ON ECONOMIC COOPERATION AND INTEGRATION
FIFTH SESSION OF THE TEAM OF SPECIALISTS ON
PUBLIC-PRIVATE PARTNERSHIPS

*Legal Best Practices for a
Successful PPP Project for
the Palais des Nations*

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Objectives

to pave the way

- to find the proper instruments
- and put in place the proper institutions

to take care of the

Palais des Nations. PPP project and

to ensure its success

Legal specificity

Award by an international organization

(not a State or government organization) 

- Specific UN Procurement Rules
- UN financial rules
- Approval by the General Assembly
- Immunities which affect the financing and the guarantees.(UN Convention on the Privileges and Immunities)
- Canton of Geneva and other Swiss constraints

Specific role of the Parties

The Borrower is a private concessionaire under a PPP contract


- The Borrower is not a UN organization, under a traditional turnkey contract.
- No direct right of the Lenders over the UN organization except if granted through a **direct agreement**
- The UN organization acting as Grantor of the Concession and User/Client of the facilities and services not as Owner/Employer.

Land and Space specificity

- Relates to the whole site of Palais des Nations (Parc de l'Ariana).
- No space left for non UN related activities?
- Status of the land to be clarified (Swiss rights)
- Various UN organizations present on the Site
- Consolidation (other UN entities in Geneva)
- Numerous Delegates and Visitors
- Safety and security major concern.
- No stoppage during the Works

Flexibility to accommodate various sources of financing,

- States donor grants (Switzerland 50 M SF)
- Other sponsors contributions to restoration (Room, paintings...)
- Use of the UN name issue (contract/ UN rules)
- Adoption (Statutes , Benches) (tax incentives?)
- Visits (payment?)

 **Main resource:** Availability Payment of the facilities (rent) and performance based remuneration for services.

Scope of the PPP

Outsourcing non core services (Sub concession/rent).

- Scope of non core services to be fixed
(hard, soft maintenance/operation)
- Additional services (nurseries; fitness center..)
- Existing contracts to be continued or replaced
- O&M services to be restructured

Payment risk

Risk of borrower default under the loan agreement in case of UN payment delays.

- Contractual remedy of UN payment delays (Service Suspension and early termination with proper compensation)
- Possibility of Partial Risk Guarantee - insurance coverage for breach of contract (similar to MIGA PRG), to be considered.

***Pro* with respect to financing conditions**

- Certainty of the demand ,
- No commercial risk
- Limited technical/ construction risk
- Extreme low risk, except lack of UN funds
- Guarantees available :shares, contracts and proceeds of the project company as well as step in right

Cons with respect to financing conditions

- No benefit from any concessionary loans
- Start day of payment for availability of facilities and services upon completion.
- 8 years Construction period (Phasing)
- Part of the Remuneration associated with quality of the Services
- UN Immunity of execution in case of UN payment delay
- MIGA PRG applicable to emerging countries

Potential Result

- Critically important benefits for the contractors and lenders. (size of the Project and Operation)
- Critical that Development of the Project and promotion to be well organized to attract sponsors and financing.
- Most favorable terms and conditions for raising finance to be expected (rate and duration) from fierce competition.

Necessary Organization

Critically important to settle Specialized PPP Unit (within UNOG or otherwise)

- Small group of PPP specialist from the private sector (technical ,legal, financial)
- to assist UNOG at all stage of the PPP Project (development, promotion, financing, tendering and supervision of the completion)
- to increase UNOG PPP capacity to be ready for the operation period of the Project.