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BUDGET ESTIMATES FOR THE FINANCIAL YEAR 1957

Modernization of the Palais des Nations

Report of the Secretary-General

1. At its 549th meeting, the Fifth Committee decided to postpone its consideration of the proposals of the Secretary-General for the modernization of the Palais des Nations (A/C.5/659) and the report of the Advisory Committee thereon (A/3379). At the same time, it was indicated to the Fifth Committee that the Secretary-General would further explore the possibility of financing the modernization programme through obtaining a loan from a source external to the Organization, as suggested in paragraph 15 of the report of the Advisory Committee.
2. A loan of this kind would offer many advantages, in that it would not only facilitate earlier completion of the programme but would also allow for more flexibility in its execution and for the distribution of its cost over a longer period. In the light of these considerations and in view of the well known interest of the Swiss Authorities in the Palais des Nations, conversations were held with the Swiss Federal Authorities which resulted in an offer by the Swiss Federal Council, subject to approval by the Swiss Parliament, to lend the United Nations, free of interest, up to a maximum of 4,000,000 Sw. frs. to finance the programme of modernization of the Palais des Nations as outlined in the Secretary-General's report. These sums would be reimbursed by the United Nations in annual instalments, the first of which would take place not later than 1960 and the last not later than 1966. In this connexion the Secretary-General has received a letter from the Permanent Observer of Switzerland to the United Nations which is reproduced in the annex to this present report.

3. In view of the possibility of securing a loan of this nature, the Improvement Programme has been reviewed so as to ascertain the most effective plan to achieve its early completion, which is desirable both from the point of view of providing better facilities and services, and from the point of view of avoiding increased maintenance and other expenses. This review showed that, taking into account the dual necessity for having certain parts of the final projects completed and examined by an outside panel of architects, and for not interfering with the programme of conferences in the Palais, a minimum period of three and a half years would be required to complete the plan submitted by the Secretary-General in his report (A/C.5/659). The drawing up of detailed plans would begin immediately upon the decision by the General Assembly and work would actually start in August or September 1957, at the end of this year's main conference season. It is expected that the installation of simultaneous interpretation equipment in conference rooms III, VIII, IX and XI, the structural alterations in conference rooms VII and XII, the modernization of lifts and the installation of furniture in conference room XI would be completed by the spring of 1958. Planning the work on the Assembly Hall, the installations in conference rooms XIV, XV and XVI, alterations to the restaurant etc., would be started in 1957; and the work itself would begin in the second half of 1958. The execution of these projects would probably extend into the spring of 1960. It was found that the elaboration of more precise time-tables within the over-all period of three and a half years would not be realistic at this stage on account of the necessity for giving priority to the conference programme over the building programme at each step in the latter's execution. From the studies made it was also clear that the reduction in the over-all duration of the programme would not have any appreciable effect on its total cost which would therefore remain at \$1,211,000 or approximately 5.2 million Sw. frs.

4. Taking into account the loan referred to in para. 2 above and the total estimated cost of the programme, the budgetary appropriations which will be necessary could be divided into ten equal instalments to be included in the annual budgets of the Organization starting in 1957 and ending in 1966. The provisions included in the first three budgets (1957, 1958 and 1959) would be used, concurrently with the Swiss loan, to finance actual expenditure and those included in the following budgets to reimburse the loan.

5. For the reasons indicated above the Secretary-General wishes to avail himself of the possibilities afforded by the generous offer of the Swiss Government and, to that effect, proposes that the General Assembly:

- (i) approve the modernization plan as submitted (A/C.5/659);
- (ii) grant authority to accept the offer of the Swiss Federal Council;
- (iii) grant authority to proceed with the immediate implementation of the programme; and
- (iv) increase the 1957 appropriation for section 18 by a sum of \$121,000 as the first of ten instalments to be included each year in the budget until 1966.

6. It would be the Secretary-General's intention to finance the expenditure to be made under the programme from a special fund to which would be credited the annual budgetary provisions approved by the General Assembly under paragraph 5, sub-paragraph (iv) above, as well as the sums advanced by the Swiss Government and to submit each year a full report to the General Assembly on the operations carried out under the fund.

ANNEX

MODERNIZATION OF THE PALAIS DES NATIONS

Letter from the Permanent Observer of
Switzerland to the United Nations

New York, 29 January 1957

The Federal Council, being likewise desirous of furthering the plan for the modernization of the European Office of the United Nations at Geneva, has decided, subject to parliamentary approval, to place at the disposal of the United Nations a loan in the sum of 4 million Swiss francs for the execution of this programme.

The loan is to be free of interest and repayable in six years, reckoned from the time of the completion of the improvements. The details of the transaction will be settled in consultation with the European Office. The Canton of Geneva has decided to participate in the transaction to the extent of 50 per cent.

(Signed) A. Soldati

Permanent Observer of
Switzerland to the
United Nations
