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BUDGET ESTIMATES FOR THE FINANCIAL YEAR 1973

United Nations accommodations in Addis Ababa,  
Bangkok and Santiago

Report by the Secretary-General

Introduction

1. The purpose of this report is to inform the General Assembly of the current status of the construction projects in Addis Ababa and Bangkok that were authorized by the General Assembly at its twenty-fifth session 1/ and upon which the Secretary-General submitted a progress report 2/ last year. Information concerning the alterations and improvement programme and the proposed construction in Santiago, for which provisional authority was granted last year, 3/ is also included.

ADDIS ABABA

2. During the past year, the architect completed the working drawings for the building, and various contract documents were developed by the legal consultants. The drawings and contracts were extensively reviewed at Headquarters, and revisions and changes agreed upon with the staff of the Economic Commission for Africa.

3. Invitations to bid were issued in September 1972, and a representative number of international and local firms have expressed an interest in the project. The bids are to be returned by mid-November, and it is expected that construction will begin in December.

4. The buildings are now scheduled for completion in late 1974 or early 1975. This represents a delay of about one year in the time schedule originally

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1/ Resolution 2745 (XXV).

2/ Official Records of the General Assembly, Twenty-sixth Session, Annexes,  
agenda item 76, document A/C.5/1392.

3/ Ibid., document A/C.5/1396.

contemplated when the project was authorized in 1970. Apart from the delays explained in the Secretary-General's report last year, additional time has been lost because the test borings revealed an unusual and unexpected subsurface condition that required the development of alternative foundation plans and postponement of pile driving until the main contract was let. Additionally, upon completion of the working drawings, cost estimates indicated that, as designed, the building would exceed the budgeted amount. Accordingly, a Headquarters official was dispatched to Addis Ababa for consultations that resulted in revisions to reduce projected costs to the budgeted figure. This was accomplished without major changes in the architectural design, functional quality or the size of the project.

5. As a result of the devaluation of the United States dollar in relation to the Ethiopian dollar in December 1971 by 8 per cent, the cost of the project, based on the original estimates, could be expected to rise from \$6.2 million to \$6,696,000. At this stage, in the absence of firm contract prices, and bearing in mind that the original estimates included a contingency provision of \$565,000, the Secretary-General does not propose a revision in the budget figure. He, nevertheless, would caution that in all probability an adjustment to take into account the devaluation of the United States dollar will eventually be needed, since, as he has indicated, revisions in the plans have already been made in order to eliminate any unnecessary or non-functional features, and therefore the present cost estimates must be considered as minimal.

6. The General Assembly at its twenty-sixth session amended the schedule of appropriations to take into account the delay encountered in 1971. Consequently, the funds available for the project in 1972 were \$1,930,000 plus the unexpended balance of the \$900,000 provided in 1971. In view of the present status of the project, the Advisory Committee on Administrative and Budgetary Questions has suggested a further revision in appropriations for 1973 4/ with which the Secretary-General agrees. As of 30 September 1972, total expenditures were \$237,785, most of this consisting of payments to the architect. Further substantial obligations and expenditures may be expected this year upon completion of a major part of the architect's work and the awarding of the main construction contract.

#### BANGKOK

7. In 1972, the architect completed the working drawings, contract documents were prepared, the site was cleared, including demolition of an annex to the Sala Santithan, and foundation work involving the driving of piles was commenced. A Headquarters representative visited Bangkok to review and approve the final plans, and consultations with the legal consultants of the Economic Commission for Asia and the Far East took place in New York.

8. Invitations to bid have been issued for the prime construction contracts, as well as the main subcontracts, and it is planned that these contracts will be awarded in November 1972 and that major construction will begin in December 1972.

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<sup>4/</sup> Ibid., Twenty-seventh Session, Supplement No. 8 (A/8708), paras. 7.6 and 7.7.

9. As in the case of Addis Ababa, the Bangkok project has fallen about one year behind the schedule originally projected by the Secretary-General. A part of this delay was reported to the General Assembly at its twenty-sixth session, 5/ but the major cause has been the difficulty encountered since then by the Government of Thailand in its arrangements with the occupants of the site to vacate the premises. This process, which took about seven months longer than had been expected, prevented construction work from starting until July 1972. It is now expected that the buildings will be ready for occupancy by the end of March 1975.

10. Pending receipt of the bids for the main contract and the large subcontracts, the Secretary-General has no reason to believe that the project will not be completed within the estimated cost of \$7.6 million. At its twenty-sixth session, the General Assembly amended the schedule of appropriations 6/ to take into account the then revised work schedule. The Advisory Committee on Administrative and Budgetary Questions, for similar reasons, has proposed a further revision for 1973 7/ and future budget years with which the Secretary-General agrees. In 1972 funds available amounted to \$2.4 million plus a balance of \$1,038,655 carried forward from 1971. Expenditure as of 30 September 1972 totalled \$147,370. Certain substantial payments will be required during the balance of 1972 in connexion with the foundation work and upon signing of the main contracts.

#### SANTIAGO

##### Programme of modernization and improvement

11. A programme of modernization and improvement of the buildings in Santiago was approved by the General Assembly at its twenty-third session in 1968 8/ for execution in 1969 and 1970. Carryover of funds into 1971 9/ and 1972 10/ was subsequently authorized.

12. The programme has largely been complete for some time, and a substantial improvement in working conditions and amenities in the building has taken place. Only one item remains unfinished - the installation of revolving doors. The doors were shipped from New York, and part of the consignment was lost in transit. Replacement parts were dispatched early in September, and it is hoped that they will be received on site and installed in time for the work to be completed in 1972.

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5/ Ibid., Twenty-sixth Session, Annexes, agenda item 76, document A/C.5/1392.

6/ General Assembly resolution 2894 (XXVI).

7/ Official records of the General Assembly, Twenty-seventh Session, Supplement No. 8 (A/8708), paras. 7.6 and 7.7.

8/ Ibid., Twenty-third Session, Annexes, agenda item 74, document A/7373.

9/ Ibid., document A/7749.

10/ General Assembly resolution 2893 (XXVI).

It is anticipated that an unexpended balance of about \$100,000 will remain in respect of the total programme at the end of this year, which, taking into account the funds already surrendered, would mean that the work will have been completed for a total of about \$928,500 as opposed to the appropriated amount of \$1,328,500.

#### Documents Research Centre

13. Plans were approved for the Documents Research Centre, which is to be constructed with funds provided by the Government of the Netherlands, and invitations to bid were issued. A preliminary study of the results indicates that the cost of construction as at present planned will be greater than was estimated, and no contract for construction has yet been awarded. Further progress on this project must await the outcome of a review of the available voluntary financing and the components of the over-all construction plan.

#### Proposed satellite building

14. At its twenty-sixth session, the General Assembly reviewed revised proposals 11/ of the Secretary-General for the construction of an additional building to relieve the shortage of office space in Santiago, as well as the relevant report of the Advisory Committee on Administrative and Budgetary Questions. 12/ The Advisory Committee had pointed out that the new building would be used largely by the Latin American Institute for Economic and Social Planning, which, by moving out of the present Economic Commission for Latin America building, would release needed office space for the Commission. In this regard, the Committee stated that, taking account of the origin and nature of the Institute, it believed that the questions of the future of the Institute and responsibility for its accommodation should be decided before a final decision could be taken to go ahead with the proposed new construction. Accordingly, the Committee recommended that the General Assembly should seek the views of the competent organs (the Economic Commission for Latin America, the Economic and Social Council and the United Nations Development Programme) on those points. It suggested, however, that the General Assembly might approve the funds requested by the Secretary-General (\$500,000) and empower the Committee to authorize a start on the project before the twenty-seventh session of the General Assembly should "it be the view of the competent organs that the Institute should be continued and that the Economic Commission for Latin America should continue to provide it with accommodation". The General Assembly accepted the recommendations of the Advisory Committee. 13/

15. The Secretary-General has held consultations with the Economic Commission for Latin America and with the Administrator of the United Nations Development Programme (UNDP) for the purpose of exploring possibilities for resolving the

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11/ Official Records of the General Assembly, Twenty-sixth Session, Annexes, agenda item 76, document A/C.5/1396.

12/ Ibid., agenda item 76, document A/8408/Add.11.

13/ General Assembly resolution 2893 (XXVI).

outstanding issues. The Secretary-General believes that these discussions may provide a basis for submitting to the Governing Council of the UNDP in due course proposals for continued support of the Institute. Pending such decision, the Secretary-General is not in a position to provide the assurances regarding future financing of the Institute as sought by the Advisory Committee in its report 14/ to the General Assembly at its twenty-sixth session.

16. The cost estimates for the construction of a satellite building which the General Assembly approved at its twenty-sixth session were made in mid-1971 and were based on preliminary plans and general rather than detailed specifications. 15/ Since that time, the rate of exchange of the Chilean escudo in relation to the United States dollar has fallen from E<sup>028</sup> = \$US 1.00 to E<sup>046</sup> = \$US 1.00, while the cost of living index has increased very substantially. As a result of these events, it has become apparent within recent weeks that the previous estimates for the cost of the building can no longer be considered valid. Thus, it would be prudent, before proceeding with construction of the satellite building, to re-examine and re-cost the estimates. This would require the services of consulting engineers at an expenditure of about \$10,000 and would take several months to complete. It would therefore not be possible for the General Assembly to consider an up-dated estimate at its current session.

17. The Secretary-General would point out that when the programme of modification and improvement of the Santiago building was first approved by the General Assembly in 1968, certain projects which would have provided more office space in the existing building were deleted, on the assumption that the construction of the satellite building would make them unnecessary. 16/ The Economic Commission for Latin America building is becoming more and more congested even though some of the work done in connexion with the modification and improvement programme has resulted in the provision of a little more office space. Furthermore, several United Nations agencies are now expressing a renewed interest in common premises in Santiago. The Secretary-General suggests, therefore, that a decision on the construction of a satellite building should not be delayed too long.

18. At the same time, the Secretary-General appreciates that a decision as to the need for the satellite building largely depends upon the unsettled question of the future of the Latin American Institute for Economic and Social Planning. Furthermore, even if circumstances indicated the continued need to house the Institute in premises provided by the Economic Commission for Latin America and thus the satellite building was required, the doubtful validity of the current construction estimates, as pointed out in paragraph 16 above, makes it impossible, at this time, to state with assurance what the construction cost would be.

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14/ Official Records of the General Assembly, Twenty-sixth Session, Annexes, agenda item 76, document A/8408/Add.11.

15/ Ibid., document A/C.5/1396, para. 7.

16/ Ibid., Twenty-third Session, Annexes, agenda item 74, document A/7373, para. 12.

19. Under these circumstances, the Secretary-General has concluded that no further action can be taken on the project until such time as the future of the Institute is decided by the appropriate organs. If the decision confirms the need for the satellite building, he would then arrange for a re-evaluation of the cost estimates and would report to the next following General Assembly. An amount of \$500,000 was appropriated under section 7 of the budget for 1972 as an initial instalment towards the total potential cost of this construction. In its report (A/8708) on the initial budget estimates for 1973, the Advisory Committee on Administrative and Budgetary Questions has recommended the appropriation of a second instalment in the amount of \$300,000. In the event that a decision is taken prior to the twenty-eighth session of the General Assembly that the project should be undertaken, actual expenditures in 1973 would be confined to some \$10,000, related to the re-evaluation of the estimates. The Secretary-General recommends, nevertheless, that, in accordance with established procedure, the total amounts appropriated for 1972 and 1973 should remain available for the eventual purposes for which they were intended.

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