



UNITED NATIONS

GENERAL ASSEMBLY



Distr.
GENERAL

A/C.5/1619
25 October 1974

ORIGINAL: ENGLISH

Twenty-ninth session
FIFTH COMMITTEE
Agenda item 73

PROGRAMME BUDGET FOR THE BIENNIUM 1974-1975

Extension of the Palais des Nations

Report by the Secretary-General

1. This progress report indicates the status, as of 30 June 1974, of the construction and financing of the extension of the Palais des Nations.
2. The General Assembly at its twenty-first session adopted resolution 2246 (XXI) providing for the extension of the Palais des Nations within a maximum expenditure of \$15 million and authorizing the Secretary-General to accept an offer from the Swiss authorities of a gift of Sw. fr. 4 million towards the cost of the project and a loan at 3 per cent interest to assist in its financing.
3. Modifications to the original plans for the extension were approved by the General Assembly in resolution 2488 (XXII) of 21 December 1968. Under the terms of this resolution, an increase in the construction costs to \$22 million was authorized; the Secretary-General was also authorized to accept a loan of Sw. fr. 61 million offered by the Fondation des Immeubles pour les Organisations Internationales.
4. By resolution 2891 (XXVI) of 22 December 1971 the Secretary-General was authorized to continue the construction within a revised estimate of \$31,185,000 which was based on a construction cost of Sw. fr. 127 million (\$29,400,000), plus interest on the loan (\$2,710,000), less a gift from the Swiss authorities (\$925,000) converted at the exchange rate of Sw. fr. 4.32 per US dollar.
5. In his budget proposals for the biennium 1974-1975, the Secretary-General indicated that he expected the cost of the construction to remain within the estimated total of Sw. fr. 127 million and submitted to the General Assembly revised calculations in terms of US dollars at the rate of exchange used for all budgetary calculations of Sw. fr. 3.40 per US dollar.

6. Subsequently the Secretary-General, in a report to the General Assembly at its twenty-eighth session (A/C.5/1518), provided revised calculations of the costs in terms of US dollars at the rate prevailing at the time of writing the report, that is, Sw. fr. 3.03 per US dollar. The Advisory Committee on Administrative and Budgetary Questions, in its third report to the General Assembly on the programme budget for the biennium 1974-1975 (A/9008/Add.2), noted the Secretary-General's report and drew attention to the need to ensure that all outstanding work be completed to specifications and within the approved estimates.

Status of construction

7. The Secretary-General is able to report that all the work authorized by the General Assembly, with the exception of some finishing work, has been completed in accordance with the pre-set specifications and in general conformity with the details provided by the Secretary-General to the General Assembly at its twenty-third session (A/C.5/1179). Except as indicated below, the premises are now operational. The construction has included:

(a) Conference building

- (i) Four main conference rooms with a respective seating capacity of 639 (room XVII), 641 (room XVIII), 941 (room XIX) and 883 (room XX);
- (ii) Six small meeting rooms, the seating capacity of which may vary depending upon the number of persons to be seated at the table: two rooms (XXI and XXVI) have a capacity varying between 218 and 322; two rooms (XXIII and XXIV) a capacity varying between 162 and 226; and two rooms (XXII and XXV) have a capacity varying between 122 and 210;
- (iii) Simultaneous interpretation equipment, furnishings and other facilities for meetings in all rooms described in (i) and (ii) above;
- (iv) Other conference facilities, which include three delegates' lounges, a delegates' lobby, a press area, a post office, a telecommunications office, a bank and a newsstand;
- (v) A visitors' area, including the Philatelic Museum, bookshop and gift shop;
- (vi) Office space for conference secretariats (87 office units);
- (vii) A documents reproduction workshop.

(b) Office building

Seven floors of office space, each containing 130 office units or a total of 910 office units.

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(c) Parking facilities and outside work

- (i) An underground garage providing space for 440 cars (one level with 110 spaces reserved for delegations and the other three levels, with 330 spaces, reserved for parking of staff members' cars against payment of a monthly charge);
- (ii) A parking area in front of the building (80 parking spaces);
- (iii) A car park for approximately 140 vehicles (work to be completed in the autumn of 1974);
- (iv) Outside work, including access roads, lighting and landscaping.

(d) Catering facilities

(i) Cafeteria

Enlargement and modernization of the cafeteria, providing seating capacity for some 530 persons:

(ii) Restaurant

Enlargement and modernization of the restaurant, providing seating capacity for 250 persons, limited private dining facilities, improvement of servicing areas, kitchens and store-rooms.

(e) Technical installations

Air-conditioning, telephone installations, a pneumatic tube for transmission of urgent documents, an electrical substation, an emergency power plant (one generator remaining to be installed, owing to unexpected delay in delivery) and a fire-alarm system.

(f) Radio and television studios

Five radio studios, one photo laboratory, one film studio and one recording room, with appropriate equipment, finishing work of these facilities to be completed by October 1974.

Possible additional work

8. Apart from four main conference rooms and six small meeting rooms, the new conference building does not contain a room suitably equipped and of appropriate size for meetings of groups of delegations or of ad hoc committees. During the first months of utilization of the conference building, the six small meeting rooms were in such demand that frequently there was no possibility for a group of delegations or an ad hoc committee to hold a meeting at the same time as the main meeting. During peak conference periods, the frequency of occupation of

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committee rooms in the old Palais des Nations is such that they are fully utilized. Many delegations and the Secretary-General of the United Nations Conference on Trade and Development have therefore expressed the wish that a small committee room, with a seating capacity of 60 to 70 persons and equipped with simultaneous interpretation, be created in the new conference building.

9. A study has been undertaken which shows that such a room could be built at the Lausanne end of the building at the same level as rooms XVII, XVIII and XXI to XXVI. This room could seat 70 persons and be equipped with five interpretation booths. Cost estimates for the construction of such a room would be as follows:

	<u>Swiss francs</u>	<u>US dollars at Sw. fr. 2.98 per \$US</u>
Building work (masonry, floor and wall carpeting)	145,000	48,700
Technical installations (simultaneous interpretation equipment, air-conditioning, lighting)	<u>285,000</u>	<u>95,600</u>
Total	<u>430,000</u>	<u>144,300</u>

10. The Secretary-General strongly recommends that he be authorized to proceed with the work, provided that its cost remains within the total of Sw. fr. 127 million previously authorized by the General Assembly for the extension programme of the Palais des Nations.

Financial provisions

11. Now that construction work is almost completed, it is possible to submit further revised estimates of expenditure. Annex I provides a comparison of the estimates provided to the General Assembly in 1971, 1972 and 1973 with estimates as of 30 June 1974, using a constant exchange rate to facilitate the comparison. It will be seen that, if there had not been subsequent adjustments of exchange rates, total expenditure would have been some \$612,000 less than the amount authorized by the General Assembly in 1971. Although the final cost cannot be determined precisely until all invoices are received and until after the expiration of guarantee periods, the Secretary-General wishes to advise the General Assembly that the total cost of construction, even if the possible additional work referred to in paragraph 8 above is taken into account, will not exceed the authorized amount of Sw. fr. 127 million. Indeed, current estimates indicate that the total construction costs will be approximately Sw. fr. 124.6 million. This lower figure results from estimated net savings arising as follows:

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	Increase (decrease) Swiss francs
Structure	25,000
Installations and equipment	(3,392,000)
Connecting tunnels	(41,000)
Cafeteria	(479,000)
Restaurant	393,000
Outside work, garage	47,000
Costs not otherwise provided for and contingencies	832,000
Fees for architects and engineers, and administrative costs	250,000
	<u>(2,365,000)</u>

12. However, successive changes in exchange rates since the Secretary-General submitted financial estimates in table 33-3 of the programme budget for the biennium 1974-1975 (A/9006) require that those estimates be revised as shown below. Receipts and expenditures to date have been calculated at the exchange rates prevailing on the dates of receipt or payment: projections for 1974 and subsequent years have been calculated at Sw. fr. 3.40 per US dollar in the 1974-1975 programme budget estimates, and at Sw. fr. 2.98 per US dollar in the 30 June 1974 estimates.

	Estimates in Programme budget for 1974-1975 ^{a/}	Revised estimates as of 30 June 1974 ^{b/}	Increase
	\$	\$	\$
Costs of construction	33,058,800	33,439,000	380,200
Excess of dollar equivalent of loan repayments over dollar equivalents of amounts received	2,544,500	4,788,000	2,243,500
Interest on loan	4,264,500	4,662,000	397,500
	39,867,800	42,889,000	3,021,200
Deduct: gift from Swiss Government	980,000	980,000	-
	<u>38,887,800</u>	<u>41,909,000</u>	<u>3,021,200</u>

^{a/} For financing arrangements, see annex II.

^{b/} For revised financing arrangements, see annex III.

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13. The increase of \$3,021,200 in construction and financing costs reflects the impact to date of exchange rate fluctuations on contracts fixed in currencies other than United States dollars, less reductions in the estimates of total costs indicated above in paragraph 11. Of this amount, \$1,031,300 refers to the amounts payable during the biennium 1974-1975 towards the total revised requirements for construction and amortization of the Swiss loan. After inclusion of the proposed new requirement of \$144,300 referred to in paragraph 9 above, a total additional appropriation of \$1,175,000 will be requested in the 1974-1975 performance report to be submitted by the Secretary-General to the General Assembly at its current session.

Annex I

REVISED COST ESTIMATES AS OF 30 JUNE 1974 COMPARED
TO THOSE SUBMITTED IN 1971, 1972 AND 1973 a/
(in US dollars)

	1	2	3	4
	Estimates as approved by the General Assembly in 1971 and 1972	Revised estimates submitted to the General Assembly in 1973 (A/C.3/1518)	Revised estimates as of 30 June 1974	Increase (decrease) cols. 2 and 3
A. New building:				
(1) Structure:				
(a) Excavating ground and building foundations and superstructure in reinforced concrete and steel, masonry	6 747 700	6 780 800	6 832 640	51 840
(b) Roofs	<u>312 500</u>	<u>270 000</u>	<u>244 220</u>	<u>(25 780)</u>
Total (1)	7 060 200	7 050 800	7 076 860	26 060
(2) Installations and equipment:				
(a) Heating, ventilation, air- conditioning and sanitary installations	3 565 000	3 551 300	3 250 420	(300 880)
(b) Electrical installations, passenger lifts, service lifts and escalator	2 315 000	2 319 700	2 269 970	(49 730)
(c) Building and finishing of floors, ceilings and walls inside and outside	6 643 000	6 680 100	5 921 470	(758 630)
(d) Furniture for conference rooms and offices and installation of fixtures throughout the building, including simultaneous interpretation equipment	<u>3 096 000</u>	<u>3 179 600</u>	<u>3 301 530</u>	<u>121 930</u>
Total (2)	15 619 000	15 730 700	14 743 390	(987 310)
Total A	<u>22 679 200</u>	<u>22 781 500</u>	<u>21 820 250</u>	<u>(961 250)</u>
B. Connecting tunnels	493 600	482 900	484 030	1 130
C. Cafeteria	1 018 600	995 600	907 640	(87 960)
D. Restaurant modernization	244 700	369 500	327 540	(41 960)
E. Outside work, garage	2 201 600	1 809 000	2 018 060	209 060
F. Costs not otherwise provided for (such as clearing site prior to landscaping, cleaning interior of buildings, repairs not covered by other contracts, miscellaneous small finishing works)	-	-	664 580	664 580
Total A-F	26 637 700	26 438 500	26 222 100	(216 400)
G. Provision for contingencies	<u>254 000</u>	<u>453 200</u>	-	<u>(453 200)</u>
Total A-G	26 891 700	26 891 700	26 222 100	(669 600)
H. Fees for architects and engineers and administrative costs	<u>2 508 300</u>	<u>2 508 300</u>	<u>2 566 170</u>	<u>57 870</u>
GRAND TOTAL	<u>29 400 000</u>	<u>29 400 000</u>	<u>28 788 270</u>	<u>(611,730) b/</u>

a/ Estimates costed at former rate of Sw. fr. 4.32 to the US dollar for purposes of comparison.

b/ The amount of \$611,730 represents a notional decrease of original estimates when expressed at a constant rate of exchange: if the General Assembly approves the creation of the additional committee room referred to in paragraphs 8 to 10 of the present report, this amount will be reduced by \$99,537 to \$512,193.

Annex II

FINANCING ARRANGEMENTS AS INCLUDED IN THE PROPOSED
PROGRAMME BUDGET FOR THE BIENNIUM 1974-1975 a/

(in US dollars)

	Requirements for amortization	Requirements for interest	Requirements for construction	Gift	Loan	Net budgetary requirements
1967-1971	-	300 000	15 191 000	980 000	9 011 000	5 500 000
1972	-	361 200	5 583 800	-	3 445 000	2 500 000
1973	-	508 500	7 914 000	-	2 940 500	5 482 000
1974	-	538 700	4 370 000	-	-	4 908 700
1975	1 794 100	497 900	-	-	-	2 292 000
1976	1 794 100	444 300	-	-	-	2 238 400
1977	1 794 100	390 000	-	-	-	2 184 100
1978	1 794 100	336 400	-	-	-	2 130 500
1979	1 794 100	282 200	-	-	-	2 076 300
1980	1 794 100	228 600	-	-	-	2 022 700
1981	1 794 100	174 900	-	-	-	1 969 000
1982	1 794 100	121 300	-	-	-	1 915 400
1983	1 794 100	67 100	-	-	-	1 861 200
1984	1 794 100	13 400	-	-	-	1 807 500
TOTAL	17 941 000	4 264 500	33 058 800	980 000	15 396 500	38 887 800

Source: Document A/9006, table 33-3.

a/ Rate of exchange: Sw. fr. 3.40 per US dollar.

Annex III

REVISED FINANCING ARRANGEMENTS AS OF 30 JUNE 1974 a/

(in US dollars)

	Requirements for			Received or receivable		
	Loan amortization	Interest	Construction	Gift	Loan	Net budgetary requirements
1967-1973	-	1 164 000	27 061 000	980 000	14 340 000	12 905 000
1974	-	581 000	6 378 000	-	1 342 000	5 617 000
1975	2 047 000	568 000	-	-	-	2 615 000
1976	2 047 000	507 000	-	-	-	2 554 000
1977	2 047 000	445 000	-	-	-	2 492 000
1978	2 047 000	384 000	-	-	-	2 431 000
1979	2 047 000	322 000	-	-	-	2 369 000
1980	2 047 000	261 000	-	-	-	2 308 000
1981	2 047 000	200 000	-	-	-	2 247 000
1982	2 047 000	138 000	-	-	-	2 185 000
1983	2 047 000	77 000	-	-	-	2 124 000
1984	2 047 000	15 000	-	-	-	2 062 000
	20 470 000	4 662 000	33 439 000	980 000	15 682 000	41 909 000

a/ Receipts and expenditures up to 30 June 1974 have been converted at the exchange rates prevailing on the dates of receipt or payment: projections for 1974 and subsequent years have been calculated at Sw. fr. 2.98 per US dollar.