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PROGRAMME BUDGET FOR THE BIENNIUM 1976-1977

United Nations accommodations in Addis Ababa, Bangkok and Santiago

Report by the Secretary-General

INTRODUCTION

1. This report outlines the status of the construction of United Nations premises in Addis Ababa, Bangkok and Santiago since the Secretary-General's report to the General Assembly of 15 July 1975 (A/C.5/1673).

ADDIS ABABA

Extension of Africa Hall

2. Construction commenced in January 1973 and was completed in May 1976. As previously reported, the architect and contractors encountered continuing difficulties in the execution of the project. In 1974, it was reported that there were "delays in the delivery of many imported items as a result of scarcity of materials and shipping problems, as well as difficulties with customs, unloading and transportation from the port to Addis Ababa due to strikes and diversion of much of the available transport to assist in drought relief projects and distribution of food" (A/C.5/1596, para. 4). Various social and political events in the region, as well as natural disasters, also adversely affected delivery of materials and the contractor's ability to complete the project on time. In 1975, it was reported that changing working conditions had an impact on the productivity of workers and on the availability of skilled labour and supervisory personnel (A/C.5/1673).

3. The Secretary-General has attempted to reduce the impact of such problems and has exercised close control of the project both through daily supervision by engineering staff in Addis Ababa and the regular inspection of the project by technical personnel from Headquarters. In the face of the difficulties cited in paragraph 2 above, completion of the project represents a considerable achievement for the architect and contractors.

4. As reported in 1972 (A/C.5/1461), the Ethiopian dollar value of the United States dollar was reduced by 8 per cent in December 1971. That reduction increased the estimated cost of the project from \$6,200,000 to \$6,739,127. In February 1973, a further 10 per cent reduction took place in the value of the United States dollar. As of that date, only \$42,487 had been disbursed; therefore the cost of the project could be expected to increase further to \$7,483,197, based on the original estimates. Since that time, the project has benefited from modest exchange gains amounting to \$12,283. The project has now been completed, and it is estimated that total project costs will amount to \$7,312,987, or approximately 2 per cent less than the 1970 budget figure adjusted for exchange losses and gains.

5. Although the Secretary-General reported that in all probability a financial adjustment would eventually be necessary (A/C.5/1461, para. 5), an effort was made to absorb the initial devaluation through use of the contingency provision and numerous revisions in the plans. In 1975, the Secretary-General requested appropriation of \$600,000 to compensate for the second devaluation. At the same time, the Secretary-General indicated that "the impact of inflation, as well as the reduced rate of progress, are likely to affect the final cost and require some further appropriations at the time of final settlement of accounts" (A/C.5/1673, para. 3).

6. In addition to the 6.2 million authorized in 1970 and the \$600,000 allocated in 1975, miscellaneous income of \$16,735 has been recorded, making a total of \$6,816,735 available for the construction project to date. As indicated above, it is anticipated that total project costs will amount to \$7,312,987. Therefore, a request for \$496,252 will be included for this purpose in the Secretary-General's progress report on the programme budget for the biennium 1976-1977. 1/

Additional partition

7. In 1970, it was anticipated that the total staff occupying the complex (old and new buildings) would amount to 672 by 1978. Up to three floors in the new building were to be left unoccupied as reserve for future growth. Plans provided that partitioning for these floors would be purchased at a later date, when it became necessary to occupy the reserve space.

8. The size of staff, which by March 1976 amounted to 922, considerably exceeded the above projection, with the result that it has become necessary to utilize much of the reserve space from the outset. 2/ Accordingly, the Secretary-General sought

1/ The budget authorized by the General Assembly was of \$6,200,000, but appropriations have been made to the extent only of \$5,900,000. Therefore, the final balance of \$300,000 will be requested in the progress report, in addition to the \$496,252 referred to in the present report.

2/ A review in 1974 resulted in a reduction in the standard office space allocations for the new office building. This had the short-term effect of a modest reduction in the amount of partition needed to house a given number of staff members. For the long term, however, the total capacity of the building was increased, and the total amount of partition which would eventually be required was increased.

and obtained from the Advisory Committee on Administrative and Budgetary Questions the authority to proceed with the purchase and installation of additional partition, at a cost of \$227,800 (A/31/8, para. 11(g)). A request in this amount will be included in the Secretary-General's progress report, under section 26, Construction, alteration, improvement and major maintenance. It should be noted, however, that this amount will be offset in part by an increase in the rental income reported under income section 2. Rental income for the biennium 1976-1977 was initially estimated at \$15,000; it is now estimated that it will amount to \$146,000.

BANGKOK

New buildings for ESCAP

9. Construction of the new buildings in Bangkok began in January 1973 and was completed in September 1975. Occupancy of the buildings commenced in October 1975. The General Assembly has appropriated a total of \$7,920,000 for this project. No additional funds are being requested in this respect.

SANTIAGO

Documents Research Centre

10. At its twenty-ninth session in 1974, the General Assembly approved a budget of \$1,069,500 for the construction in Santiago of a building to house the ECLA Documents Research Centre and other ECLA staff (A/C.5/1596/Add.1). Construction commenced in January 1975 and was completed in May 1976 at a cost of \$997,012, 3/ or approximately 6.8 per cent below the approved budget. The project was to be financed in part by an amount of \$500,000 from the regular budget and in part by a donation from the Netherlands Government.

11. In 1969, the Netherlands Government pledged \$500,000, then equivalent to 1,800,000 guilders. In 1974, the Government indicated that it would make remaining payments in dollars equivalent to the unpaid balance in guilders, which had the effect of increasing the value of its pledge to approximately \$600,000. As the result of further movements in the exchange rate between the dollar and the guilder since 1974, a total of \$621,197 has now been received. Additionally, \$57,369 was made available from the unused balance of the Netherlands contribution to another trust fund, bringing the total Netherlands contribution for the project to \$678,566. Finally, funds were deposited in the ECLA/DRC Trust Fund, where interest of \$79,912 had been earned as of 30 June 1976. Therefore, the total receipts of the Trust Fund amounted to \$758,478. As reported in 1974 (A/C.5/1596/Add.1, para. 12), expenses totalling \$47,344 for equipment and preliminary architectural planning had been charged to the Trust Fund prior to November 1974, leaving a balance of \$711,134.

3/ This figure may be subject to minor adjustment when final bills are accepted and audited.

12. As for the amount provided under the regular budget, in 1974, the General Assembly had authorized the Secretary-General to use up to \$500,000 available from an earlier appropriation to augment the funds provided by the Netherlands Government. Of this amount, \$285,878 has been committed, leaving an unencumbered balance of \$214,122, which is now surrendered. It will be recalled that these funds were originally appropriated for the purpose of constructing an additional office building and other facilities in Santiago for ECLA, a project which has been postponed.
