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PROPOSED PROGRAMME BUDGET FOR THE BIENNIUM 1978-1979

Revised estimates under section 26B. Alterations and
improvement, Headquarters

Report of the Secretary-General

1. The revised estimates presented under this section relate to a provisional reduction in the Secretary-General's proposed programme budget for the biennium 1978-1979 (A/32/6) recommended by the Advisory Committee on Administrative and Budgetary Questions in its related report (A/32/8) pending the satisfaction of certain conditions.

Expansion of meeting rooms and conference servicing
and delegates' facilities at Headquarters

2. At its thirty-first session, the General Assembly approved \$12,918,900 in connexion with the expansion of meeting rooms and conference servicing and delegates' facilities at Headquarters and appropriated \$2,565,000 for the 1977 phase of the project (A/31/470). In the Secretary-General's proposed programme budget for the biennium 1978-1979 (A/32/6, vol. II, para. 26.11), a provision of \$10,490,792 was requested to cover the 1978-1979 costs of the project. In its related report (A/32/8, para. 26.6) the Advisory Committee drew attention to the fact that actual requirements for the project would become clearer only after detailed specifications had been worked out and the bids received and analysed. In the circumstances, the Committee, at that stage, recommended that the request be reduced to \$9,000,000.

3. On the basis of actual bids received, the cost of the entire project is now estimated at \$14,269,000. The major reason for these increased requirements is that it has become clear that basic construction costs will be about 10 per cent higher than originally projected. However, it should be noted that the basic construction cost component, which is now estimated at \$9,800,000, is a guaranteed maximum price and that actual costs could be less if the contractor's actual

expenses prove to be lower. Furthermore, it has been decided that it would be prudent to include an amount of \$250,000 to cover the additional cost which might be incurred if, because of construction noise, it should prove necessary to discontinue work during normal working hours in order to avoid disruption of meetings.

4. The revised cost estimates of the total project are indicated in more detail below:

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(a) Basic construction	9,800,000
(b) Architectural and engineering costs	1,050,000
(c) Air-conditioning equipment	700,000
(d) Telecommunications equipment and installation	1,565,000
(e) Performance bond	100,000
(f) Administration	154,000
(g) Allowance for extra construction costs if work must be stopped to avoid interference with meetings	250,000
(h) Contingencies	650,000
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	14,269,000

5. The required total appropriation for this purpose may be divided among three financial periods as follows:

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1976-1977 (already approved)	2,565,000
1978-1979	11,204,000
1980-1981	500,000
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	14,269,000

6. The appropriation of \$500,000 to be requested in due course for 1980-1981 would represent the payment for work to be completed during the 1978-1979 biennium but which will not be due until 1980 because of the application of retention clauses in the construction contracts.

7. An additional appropriation for 1978-1979 is now requested in the amount of \$713,208, representing the difference between the revised estimate of \$11,204,000 indicated in paragraph 5 above and the initial estimate of \$10,490,792 presented in the proposed programme budget for 1978-1979 (A/32/6).

8. It is expected that most of the funds appropriated for 1977 will be committed before the end of the year. However, as is the practice in construction projects

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involving substantial sums and unanticipated delays over which the Secretariat has little control, the Secretary-General proposes that funds appropriated for this major Headquarters expansion be placed in a separate account and that unexpended balances be carried forward into succeeding biennia until the project is completed and the final accounts audited.

9. The Advisory Committee, in its second report on the Headquarters' expansion project (A/32/8/Add.1) dated 14 October 1977, recommended that the Secretary-General review the question of a new Secretariat cafeteria and kitchen, as well as the expansion of the delegates' dining facilities and submit a comprehensive report to the General Assembly at its thirty-third or thirty-fourth session. It is estimated that this study will involve an expenditure of up to \$150,000. However, as every effort will be made to absorb this expenditure within the total provisions envisaged in paragraph 5 above, no additional appropriation is requested for this purpose.
