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Proposed programme budget for the biennium 2012-2013

Construction of additional office facilities at the United Nations Office at Nairobi

Report of the Secretary-General

Summary

Pursuant to section I of General Assembly resolution 63/263, in which the Assembly endorsed the conclusions and recommendations of the Advisory Committee on Administrative and Budgetary Questions (A/63/465), progress reports are to be submitted annually to the Assembly for all ongoing construction projects.

The present report provides an update on the successful completion of the construction of additional office facilities at the United Nations Office at Nairobi.

* A/66/150.

I. Completion of construction

1. Construction of the new office facility at the United Nations Office at Nairobi commenced on 4 May 2009 with a scheduled substantial completion date in December 2010. The construction contract will be completed after the final payments are made in June 2012.
2. Construction of the new office facility was finished on time and substantial completion was achieved at the end of December 2010.
3. As envisaged by the Secretary-General in his report to the sixty-fifth session of the General Assembly (A/65/351), the work on internal office partitioning began in September 2010. According to the original schedule, partitioning work was to commence in early 2011, and occupation of the new office facility was to be completed by June 2011. The actual rate of work resulted in the completion of internal partitioning by March 2011 and allowed for occupancy of the building earlier than anticipated.
4. The United Nations Environment Programme (UNEP) moved into the new office facility during January and the first half of February 2011. This involved relocating approximately 550 staff members to the new building within one month, prior to the twenty-sixth session of the UNEP Governing Council, held from 21 to 25 February 2011.
5. The United Nations Human Settlements Programme (UN-Habitat) was also successfully moved into the new building during February and March 2011.
6. The formal inauguration of the new office facility took place on 31 March 2011 and was presided over by the Secretary-General and the President of Kenya.
7. Once UNEP and UN-Habitat vacated their original offices, the United Nations Office at Nairobi began reallocating those offices to other United Nations agencies, funds and programmes that had insufficient office space in the United Nations complex or were renting commercial office space outside the complex. The reallocation of these offices began in early 2011; by the end of June 2011 a significant number of moves had been completed.

II. Project schedule

8. The project schedule is shown in table 1. The construction was completed on schedule at the end of 2010. The internal partitioning and outfitting component was completed well ahead of schedule and the new building was fully occupied by the end of March 2011, as described above.

only significant change reflected in the above table relates to the increase of architects' fees owing to the increase in construction costs.

11. The final cost of the project will be determined at the time of issuance of the final payments in June 2012. Given the cost of the project to date and the latest trend in exchange rate fluctuations, it is likely that at least part of the contingency will be released (i.e. the new office facility construction project at the United Nations Office at Nairobi may be completed below the approved budget). This matter will be discussed in a report to the General Assembly at its sixty-seventh session.

IV. Actions to be taken by the General Assembly

12. **The General Assembly is requested to take note of the report.**

Annex

Final cost plan for the construction of additional office facilities at the United Nations Office at Nairobi

(United States dollars)

	<i>Expenditure as at 31 December 2009</i>	<i>Expenditure 2010</i>	<i>Projected expenditure</i>		<i>Total</i>
			<i>2011</i>	<i>2012</i>	
Income					
Balance brought forward	—	7 838 480	(1 006 596)	1 951 607	—
Rental income	14 939 080	3 572 388	4 600 000	6 009 000	29 120 468
Interest income	1 484 521	147 465	—	—	1 631 986
Total income	16 423 601	11 558 333	3 593 404	7 960 607	30 752 454
Disbursements					
Construction costs	6 172 450	11 715 587	1 161 963	930 000	19 980 000
Architects' fees	1 376 792	550 000	160 000	—	2 086 792
Previous architects' fees	476 792	—	—	—	476 792
New architects' fees	900 000	550 000	160 000	—	1 610 000
Project supervision and management	816 187	299 342	307 834	—	1 423 363
Project management costs	771 225	288 692	239 483	—	1 299 400
UNON travel	—	—	32 000	—	32 000
OCSS project management	44 962	10 650	36 351	—	91 963
Other costs	219 692	—	12 000	1 530 353	1 762 045
Borrowing costs (interest incurred on loan from UNEP)	163 045	—	—	—	163 045
Security requirements	56 647	—	—	—	56 647
Contingencies	—	—	12 000	1 530 353	1 542 353
Total disbursements	8 585 121	12 564 929	1 641 797	2 460 353	25 252 200
Income after disbursements	7 838 480	(1 006 596)	1 951 607	5 500 254	—

Abbreviations: UNON, United Nations Office at Nairobi; OCSS, Office of Central Support Services.