



UNITED NATIONS  
GENERAL  
ASSEMBLY



Distr.  
GENERAL

A/C.5/34/43  
16 November 1979

ORIGINAL: ENGLISH

Thirty-fourth Session  
FIFTH COMMITTEE  
Agenda item 98

PROPOSED PROGRAMME BUDGET FOR THE BIENNIUM 1980-1981

United Nations accommodation at Nairobi

Revised estimates under section 32, Construction, alteration,  
improvement and major maintenance of premises

Report of the Secretary-General

Introduction

1. At its thirty-second session, the General Assembly approved the construction of a permanent headquarters for the United Nations Environment Programme (UNEP) and for accommodation of other United Nations offices at Nairobi (resolution 32/208). The resolution authorized the Secretary-General to proceed in accordance with recommendations contained in his report, 1/ subject to the observations and recommendations of the Advisory Committee on Administrative and Budgetary Questions (ACABQ), 2/ and also requested the Secretary-General to report annually to the Assembly on the status of the project. The General Assembly also adopted, at the thirty-second session, resolution 32/162 in which it decided that the United Nations Centre for Human Settlements (UNCHS) would be located in Nairobi. In his report on the proposed construction of United Nations accommodation at Nairobi, the Secretary-General had indicated that the proposed project did not include facilities which would be required by the establishment of UNCHS in Nairobi. 3/
2. In his report to the General Assembly at its thirty-third session, the Secretary-General indicated he would submit a full report to the thirty-fourth

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1/ A/C.5/32/19 and Add.1.

2/ A/32/8/Add.10.

3/ A/C.5/32/19, para. 19.

session on the additional construction required to accommodate UNCHS. 4/ The Secretary-General's proposals for additional construction are found in part II of the present report.

I. Basic project authorized in resolution 32/208

3. The over-all architectural design for the basic project authorized by the General Assembly was completed in the second quarter of 1979. Engineering working drawings for the preliminary site works, including construction of roads and car parks, drainage and main sewage, were completed during the same period, and tenders for this work were invited during July 1979. The contract for the preliminary site works has been awarded, and the contractor commenced work at the site in mid-September 1979. Architectural and engineering working drawings for the remaining work are nearly completed and bills of quantities are being prepared for international tendering during the last quarter of 1979. Tenders for this work will be received in January 1980, and it is anticipated that the main construction will commence shortly thereafter, following completion of the preliminary site works. The sequence of construction commenced in mid-September should, therefore, continue without interruption. The buildings are expected to be ready for initial occupancy by the end of 1982. Tenders will be based on a completion date of September 1982 and will also state the cost implication, if any, of completion by March 1982.

4. During an official visit to UNEP headquarters on 26 February 1979, His Excellency Daniel arap Moi, President of the Republic of Kenya, affirmed that it was the intention of the Government to exempt construction costs of the project from local sales tax. Administrative arrangements and procedures for the exemption from sales tax on materials to be used in the construction project, as well as the refund of sales tax paid on the 1975 construction of the temporary offices, have been agreed with the Government. The final arrangements for the legal transfer of the site to the United Nations are now in progress and a supplemental Headquarters agreement covering the transfer and use of the site is now being reviewed. The Government has indicated that it wishes to reserve the parcel of land immediately to the north of the present site from intensive development and has undertaken discussions concerning the possibility of transferring this parcel to the United Nations.

5. Cash requirements for the biennium 1978-1979. In his report to the General Assembly at its thirty-third session, the Secretary-General also stated that the advance ordering of imported materials and equipment would be reduced somewhat from the original estimates. He indicated that at the time it was too early in the implementation of the project to determine whether the amount already approved would be sufficient to meet the cash requirements for the 1978-1979 biennium and that these aspects would be dealt with in the progress report to be submitted to the General Assembly at its thirty-fourth session. 5/

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4/ A/C.5/33/15, para. 12.

5/ A/C.5/33/15, para. 5.

6. Quotations have been obtained for the advance ordering of such items as internal telecommunication equipment, movable partitions, kitchen equipment and other fixtures which will be imported duty free. It is anticipated that advance orders will be placed before the end of the year for the internal telecommunication equipment and that advance orders for other items will be placed early in 1980.

7. At its thirty-second and thirty-third sessions, the General Assembly appropriated a total of \$4,024,400 for the project under section 26, construction, alteration, improvement and major maintenance of premises. Total disbursements and unliquidated obligations at 31 August 1979 totalled \$1,798,143. It is estimated that total disbursements and obligations will be \$3,884,000 by 31 December 1979, leaving an unencumbered balance of the 1978-1979 appropriation of \$140,400. In conformity with the decision of the General Assembly and with procedures for other construction accounts, the unexpended balance will remain in the construction account, which will be carried forward into the 1980-1981 biennium.

8. The cost estimates provided in document A/C.5/32/19 were calculated at an exchange rate of 8.15 Kenyan shillings to the United States dollar. The rate used in the proposed programme budget for the biennium 1980-1981 is 7.54 Kenyan shillings to the dollar, a difference of 8.09 per cent. If the 1977 estimates were to be recosted at the revised rate, an exchange difference of \$1,905,000 from the original project estimates would result. In practice, however, payments will be recorded at the exchange rate in effect at the time of payment and any gains or losses will be treated in accordance with established procedures. Since the preparation of the 1978-1979 programme budget the exchange rate has varied within a range of 7.25 to 8.33 shillings to the United States dollar. Estimates in this report are generally expressed in Kenyan shillings for convenience of calculation and comparability with earlier estimates. The equivalent amounts in United States dollars at the applicable exchange rates are also included frequently for ease of reference.

9. Estimated project cost at receipt of tenders. The project cost estimates contained in the Secretary-General's proposal to the thirty-second General Assembly were based on July 1977 prices adjusted for inflation up to the time of tendering and for contractual increases during the construction period. The estimated project cost was \$23,547,000 or 191,908,000 Kenyan shillings. The allowance for inflation up to tendering was 10 per cent per year. The rate of inflation of construction costs in Nairobi in the past two years has substantially exceeded the 10 per cent rate anticipated, but the architects and UNEP have made every effort to keep estimated project costs within the estimates presented to the General Assembly at its thirty-second session. In order to accomplish this, it has been necessary to revise the level of finishes provided and eliminate certain features and equipment. The architects have carefully reviewed all proposals of specialist consultants and have been rigorous in applying economies. The resultant design remains functional but economical. Mechanical equipment has been kept to the minimum. Among the items eliminated are motor-pool workshops, visitors' pavilion, roughly half of the covered connecting walkways, a major portion of the initial landscaping proposals and certain renovations to the

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existing buildings. The new three storey office buildings have been designed along strictly functional lines and are essentially an improved version of the existing office buildings of the temporary headquarters complex.

10. In document A/C.5/32/19 the estimated cost at tendering was given as \$18,670,000, or 152,160,000 Kenyan shillings (at 8.15 shillings per United States dollar), including fees. Additionally, a modest allowance of 5,509,500 shillings (\$676,000 at 8.15) was included for contingencies providing a total cost at tendering of 157,670,000 shillings including fees. The Secretary-General has made every effort to keep the tender cost of the work comprising the basic project to this figure and has directed the architects to make provision for the possibility of further reductions in the basic project at the time tenders are received.

11. As indicated in the Secretary-General's report to the thirty-third session the architects were instructed to proceed with architectural and engineering work for the basic project as authorized by the General Assembly in resolution 32/208 but to make allowance for the possible additional construction to accommodate the requirements of UNCHS, should the General Assembly authorize such works at its thirty-fourth session. <sup>6/</sup> These additional works consist in part of additional structures for office space and an extension to the wing housing the document reproduction facilities. The architects have been directed to obtain separate tender prices for those items. However, as the balance of the additional common services requirements comprise enlargements of facilities already included in the basic project, it has been necessary to make allowance in the plans of the basic project for the proposed enlargements. Of necessity, these enlargements of common services facilities are integral to the present design, and their cost is included in the latest cost plan for the project prepared by the quantity surveyor. This cost plan utilizes information derived from tenders for similar types of projects during July and August 1979. The estimated cost at tendering for the basic project plus the integral enlargements is between 175,000,000 and 180,000,000 Kenyan shillings (including fees), depending on assumptions regarding inflation to tendering and the costs of imported equipment. On this basis, the estimated cost at tendering would exceed the 1977 estimate of cost at tendering (including fees and contingency) by 11 to 13 per cent. The integral enlargements included in the estimate represent an increase on the order of 10 to 12 per cent over the net area of new construction proposed for the basic project and, in addition, provide a certain amount of unfinished basement areas for future expansion of adjacent facilities. The Secretary-General therefore considers that the work comprising the basic project is on budget and, in part II of this report, requests authorization for the integral enlargements deemed necessary for UNCHS and other requirements.

12. The preparation of tender documents will be completed before the General Assembly has taken a decision regarding this request. Therefore, it has been necessary to include the integral enlargements in the tender documents. Should the General Assembly not approve the Secretary-General's proposals, appropriate

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<sup>6/</sup> A/C.5/33/15 para. 12. The description and cost estimates for the additional works proposed are found in part II of the present report.

reductions or deletions would be made prior to acceptance of tenders by utilizing the detailed unit prices required by the tender documents.

13. If tender prices should differ substantially from current estimates, the Secretary-General would propose to proceed by deferring such works as may be necessary to keep the total accepted tender price within the estimated total project cost after adjustment for exchange rate fluctuations. The General Assembly would have an opportunity to review any deferred items at its thirty-fifth session and to render a final decision. In the meantime, it would be possible to proceed with the major part of the project directly upon receipt of tenders without incurring the additional inflationary increases that would result if it were necessary to delay the entire project by 10 months, pending review of the deferrals by the General Assembly. Otherwise, project costs could be increased substantially by such a delay.

14. In addition to the allowance for inflation to tendering, the project estimates presented in document A/C.5/32/19 included an allowance of 20.62 per cent to cover anticipated automatic contractual increases during construction. As indicated above, the rate of inflation in construction costs in Nairobi in the past two years has exceeded the rate allowed in the estimates for the basic project. The extent to which the allowance for contractual increases may be inadequate cannot be determined with certainty at this stage. After receipt of firm tenders in January 1980 and an analysis of the actual contractual increases during the first year of construction, it should be possible to make more accurate projections of these increases than is now possible. Accordingly, the Secretary-General's report to the General Assembly at its thirty-fifth session will include the latest information regarding the situation and any adjustments that may be necessary in the provision for contractual increases.

15. Cash requirements for the biennium 1980-1981. The appropriation of \$15,428,600 requested in the proposed programme budget for the biennium 1980-1981 7/ was based on the schedule proposed in document A/C.5/32/19 adjusted to be consistent with the exchange rates used throughout the proposed programme budget. ACABQ recommended that the appropriation be reduced to \$14,274,000, pending the submission of the progress report of the Secretary-General to the Assembly at its thirty-fourth session. 8/ Cash requirements for the biennium 1980-1981 have been re-examined in the light of the latest information on the construction schedule and on cash requirements for advance purchases, consultants' fees, administrative costs and payments to contractors after adjustments for retention. On the basis of the assumptions outlined above, it is expected that an appropriation of \$12,800,000 (96,512,000 shillings at 7.54), augmented by the estimated carry over of \$140,400 from 1978-1979, will suffice for the cash requirements for the basic project in the biennium 1980-1981, subject to the possible adjustment of the allowance for contractual increases as described in paragraph 14. Accordingly, the Secretary-General proposes a reduction of \$1,474,000 in the recommended appropriation of

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7/ A/34/6, para. 32.8.

8/ A/34/7, para. 32.6.

\$14,274,000 for the basic project. Appropriations for the balance of funds required (estimated at 62,798,000 Kenyan shillings, or \$8,328,600 at 7.54) would be requested in the programme budget for 1982-1983. Cost estimates and cash requirements for the additional works, including the integral enlargements of common service facilities, are found in part II of this report. The Secretary-General would again examine these questions in mid-1980 and include the latest information in his progress report to the General Assembly at its thirty-fifth session.

## II. Additional construction necessary for the United Nations Centre for Human Settlements and other requirements

16. The proposed inclusion of UNCHS in the project has necessitated a re-examination of the planning assumptions on which the basic project was originally developed. The recommended enlargements are expressed as net additional to the facilities originally planned. They result from the re-examination of the combined requirements for all occupants of the buildings, not just those of UNCHS. Thus, they are not in every case exclusively attributable to the addition of UNCHS to the project. The re-examination was undertaken at the same time that specialist consultants and others were developing their detailed recommendations on individual aspects of the common service facilities. The various recommendations were examined in detail by UNEP, and those accepted were incorporated in the present designs, subject to final authorization by the General Assembly.

17. In his statement to the thirty-second session on the financial implications of the draft resolution on institutional arrangements for international co-operation in the field of human settlements, 9/ the Secretary-General included an indication of the additional construction that would be necessary in Nairobi for the United Nations Centre for Human Settlements (UNCHS) based on certain assumptions. On the basis of the preliminary estimates prepared for the statement of financial implications, it was then anticipated that UNCHS would require 1,920 square metres of office space and common service areas in addition to the facilities proposed for the basic project in the Secretary-General's earlier report on new construction at Nairobi. 10/ This estimate excluded the space requirements for the United Nations Habitat and Human Settlements Foundation (UNHHSF) which had already been incorporated in the basic project. The estimate was based on the total number of the posts then proposed for inclusion in the UNCHS. No provision for future growth was made at that time, pending review of the work programme of UNCHS and the resolution of several other matters, such as decentralization and restructuring of the economic and social sectors of the United Nations system. 11/

18. In his report to the General Assembly at its thirty-third session, the Secretary-General indicated that he would submit a full report on the space requirements of UNCHS to the General Assembly at its thirty-fourth session. He

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9/ A/C.5/32/91, para. 10.

10/ A/C.5/32/19.

11/ See A/34/6, para. 19.11.

advised that in order to avoid major delay in the construction schedule of the basic project authorized by the General Assembly in resolution 32/208, any additional construction should be authorized not later than December 1979. 12/ The Secretary-General further considered that UNCHS should be accommodated at Gigiri at the earliest possible date, not only to minimize the additional costs of operating at two separate locations but to facilitate the close links between UNEP and UNCHS called for in resolution 32/162. In the same report, it was anticipated that in 1979 the Commission on Human Settlements would consider proposals on the future work programme of UNCHS and that the Executive Director of UNCHS would have the opportunity to review and comment on the existing space situation and the proposals resulting from ongoing reviews. 13/

19. The Commission on Human Settlements, at its second session (26 March to 6 April 1979), considered the progress report of the Executive Director on the establishment of UNCHS in Nairobi, reviewed the report on ongoing activities and studied the proposed 1980-1981 work programme. The Commission endorsed the activities and targets established for the work programme and submitted its report, through the Economic and Social Council, for consideration by the General Assembly at its thirty-fourth session. 14/ In its resolution 1979/46 the Economic and Social Council,

"3. Endorses the resolutions and decisions of the Commission on Human Settlements as contained in annex I to its report, in particular resolution 2/1 on the 1980-1981 work programme, and the proposed criteria for the implementation of the programme, annexed to that resolution;

"4. Recommends to the General Assembly the adoption of the draft resolutions proposed in Commission resolutions 2/3, 2/4 and 2/6, contained in annex I to that report".

Estimates of staffing and space requirements have been based on these decisions and recommendations of the Commission on Human Settlements and the Economic and Social Council.

20. The review of the future level of technical co-operation activities of UNCHS in the field of human settlements has resulted in revised estimates for the number of staff needed for project implementation, technical backstopping and administrative support, as well as revised estimates for adjunct facilities, such as the library, registry and archives, and mail and pouch facilities necessary to support these activities. The estimates also include the additional space that would be necessitated by the expected move of Vision Habitat to Nairobi. Additionally, the following projections of space required by 1985 include revised space requirements for the staff necessary to support technical co-operation and other activities financed by donor Governments through UNCHS. The amount of space for 40 staff of

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12/ A/C.5/33/15, para. 11.

13/ A/C.5/33/15, paras. 11 and 13.

14/ A/34/8, especially resolution 2/1.

UNHHSF which had already been included in the estimated requirements for the basic project will be deducted from the total requirements of UNCHS. 15/

21. Requirements for office space and related special use areas. The projections for net usable office space required by UNCHS in 1985 are based on:

- (a) Posts authorized for UNCHS for 1979
- (b) Growth estimates for regular budget posts (1980-1985)
- (c) Growth estimates for extrabudgetary posts (1980-1985)

22. As of 1979, 79 Professional and 85 General Service regular and extrabudgetary posts are already authorized for UNCHS, making a total of 164 posts. Of the Professional posts, 32 are established regular budget posts and 18 are temporary assistance posts. The conversion of 12 of the latter to established posts has been requested in the proposed programme budget for the biennium, together with the continuation of the balance on a temporary assistance basis. For space planning purposes, all of the foregoing have been included in the staff projections. Of the 37 General Service posts being provided under temporary assistance, 18 are drivers, messengers and security officers who would not require separate office space.

23. For space-planning purposes, it is estimated that the number of regular budget posts will grow by at least five Professional and six General Service staff by 1985. Programme delivery of technical co-operation projects executed by UNCHS for UNDP and other agencies in the United Nations system is expected to increase by at least 100 per cent by 1985, 16/ bringing an increase of 19 Professional and 14 General Service staff funded from overhead accounts. The programme of technical co-operation, training, and other activities financed by donor Governments through voluntary contributions to UNCHS has now been fully incorporated in the over-all work programme of UNCHS and has been endorsed by the Commission on Human Settlements. 17/ The staff necessary to support these activities is estimated to reach 19 Professional and 43 General Service staff by 1985. No growth is projected in the staff of the Habitat and Human Settlements Foundation, now comprising 9 Professional and 14 General Service posts. Vision Habitat is expected to move to Nairobi and to reach

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15/ In A/C.5/32/91, para. 10, it was incorrectly indicated that the basic project would provide office space for 85 staff of UNHHSF. UNEP subsequently advised that the provisions for the growth of UNHHSF, which had not been separately identified in previous growth estimates, should be calculated at the same rate as other programme activity centres and UNEP as a whole; i.e., 1979 requirements plus 2 per cent annual growth for the period 1980-1985, or 40 staff (see document A/C.5/32/19, paras. 12 and 19).

16/ Endorsed by the Human Settlements Commission at its second session in its resolution 2/1 on the 1980-1981 work programme (Official Records of the General Assembly, Thirty-fourth Session, Supplement No. 8 (A/34/8)).

17/ Human Settlements Commission resolution 2/2 (ibid.).



a level of 11 Professional and 7 General Service staff by 1985. <sup>18/</sup> The estimated staff increases outlined above would result in a total regular budget and extrabudgetary staff of 288, including temporary posts.

24. The projections in paragraph 23 include 2 Professional and 2 General Service posts for the New York office which should be deducted from the estimated total staff of UNCHS. The projected total of UNCHS staff in Nairobi is therefore expected to total 284 by 1985. As mentioned above, this total includes 18 drivers, messengers and security guards who would not require separate office space. Thus, the total number of staff requiring separate office space by 1985 would be 266.

25. Therefore, on the basis of the projections outlined above, it would be necessary by 1985 to provide office space for 226 staff additional to those already provided for in the basic project:

(a) Total UNCHS staff by 1985	288
(b) Less staff not in Nairobi	(4)
(c) Less staff not requiring office space	<u>(18)</u>
(d) Total UNCHS staff requiring office space	266
(e) Less UNHHSF staff already provided for in the basic project	<u>(40)</u>
(f) Net additional staff requiring office space	<u>226</u>

Allowing an average allocation of 12 square metres net usable area to each occupant, a total of 2,712 square metres additional office space would be required to accommodate UNCHS in 1985.

26. In conjunction with office space for UNCHS staff, related special use areas are required within the office buildings for such purposes as registries, meeting rooms, reception areas, accommodation for consultants and visitors, reference units, document distribution, messenger rooms etc. The total estimate of special-use areas required by UNCHS is 666 square metres. However, this must be reduced by 92 square metres to take account of the special-use areas already provided for the 40 UNHHSF staff members in the basic project. Thus the total additional space for special-use areas is 544 square metres.

27. The estimated requirements for additional office space and special-use areas thus amount to 3,256 square metres:

Additional office space	2,712
Additional special-use areas	<u>544</u>
Total	3,256 m <sup>2</sup>

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<sup>18/</sup> Human Settlements Commission resolution 2/4 (*ibid.*).

It will be recalled that the office building design consists of modular units of a standard size. The standard three-storey office building unit for the project provides 1,264 square metres of net usable area. The size has been determined by various practical requirements, such as provision of stairs, toilets, entries and exits. It is therefore proposed to construct three additional office buildings totalling 3,792 square metres net usable area. It should be borne in mind that the estimated total 1985 requirements (rather than net) of UNCHS for office space and special-use areas amount to 3,828 square metres net usable area, very nearly the exact amount of space in the three buildings proposed. There would, however, be a surplus of 536 square metres in office space in the balance of the project, largely as a result of the deduction of the 40 staff of UNHHSF previously included under the UNEP requirements. This surplus would provide an expansion reserve of 3.3 per cent over the total office space requirements for the entire project, i.e., existing buildings and new construction, including additions. Based on a growth rate of 2 per cent per year in total office space requirements, this reserve would accommodate an additional 18-21 months growth beyond the original 1985 estimates for the entire project. Thus the expansion reserve would be increased from three years after initial occupancy to roughly four-and-a-half years. It should be noted that normal practice would be to plan the office space in a new project for a minimum of 8-10 years beyond occupancy. It was only the modular nature of the proposed office buildings that made the exceptionally short "planning horizon" of three years feasible. 19/ Likewise, while it would indeed be relatively easy to construct additional office buildings as the need arises, the unit cost is likely to be substantially higher when constructed as a separate project than when constructed as part of a larger complex.

28. In its report to the thirty-second General Assembly on the Secretary-General's statement of the financial implications of the institutional arrangements for international co-operation in the field of human settlements, 20/ the Advisory Committee doubted whether it could be assumed at that point that the additional office wing then proposed by the Secretary-General would, in fact, be necessary. The Advisory Committee recommended that before it was decided to undertake additional construction, the space requirements estimated for the specialized agencies, as well as the per capita space allocation for staff members, should be re-examined. The Committee also expressed "the view that priority should be given to accommodating United Nations units". The Committee recalled that space had been reserved in the basic project for future growth and recommended that time should be given for the actual occupancy pattern of the building to emerge before a decision was made to build additional space. The Committee noted that in making its observations it had borne in mind the relative ease with which the project could be extended, should the need arise. 21/

29. In his report to the General Assembly at its thirty-third session the Secretary-General reported that the space requirements of the specialized agencies

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19/ A/C.5/32/19, para. 20.

20/ A/32/8/Add.28, para. 13.

21/ Loc. cit.

and other United Nations offices in Nairobi had been re-examined and confirmed. They have been reconfirmed during 1979. The Secretary-General also outlined the reasons why he recommended against any further reduction in the per capita office space allocation of 12 square metres net usable area. 22/

30. It will be recalled that the provision in the basic project for the growth in the office space requirements of UNEP during the period 1980-1985 was only 851 square metres, of which roughly half would be required to accommodate growth during 1980-1982. 23/ Thus, it is evident that the office space requirements of UNCHS outlined above cannot be met through utilization of the modest expansion reserve intended for UNEP or by reductions in either the per capita space allocation or the estimated requirements of the specialized agencies and other United Nations offices in Nairobi.

31. Common premises and services. The Secretary-General considers that the establishment of common premises and services at Gigiri is in the best interest of the United Nations and the specialized agencies for reasons of economy, efficiency and co-ordination. On a number of occasions, the General Assembly has endorsed the principle of establishing common premises and services wherever possible and, in connexion with the present project, the Advisory Committee recommended to the General Assembly at its twenty-seventh session that, on the basis of experience, the Secretary-General should later report to the General Assembly regarding the possible construction of a permanent headquarters building for UNEP and the other United Nations offices in Nairobi. 24/ In recommending that the thirty-second General Assembly approve the Secretary-General's proposals for the basic project, which included 4,558 square metres for the specialized agencies and other United Nations offices, the Advisory Committee noted that the specialized agencies and other organizations in the United Nations system occupying space in the project would be paying rent. 25/ In addition, their presence at Gigiri will facilitate the provision of common services for all offices of the United Nations system in Nairobi on an economical basis.

32. While it was expected that the Nairobi offices of the specialized agencies and other United Nations organizations would make use of the conference and common services facilities planned for the basic project under appropriate financial arrangements, such usage would be primarily off-peak and had a negligible impact in determining the size of such facilities (except catering). On the other hand, the requirements of UNCHS, which, like UNEP, is the focal point for activities of the United Nations throughout the world in its field, cannot be handled on an off-peak basis, especially as the Commission on Human Settlements and the Governing Council

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22/ A/C.5/33/15, para. 9.

23/ Ibid., para. 10.

24/ A/8708/Add.23, para. 9.

25/ A/32/8/Add.10, paras. 8 and 18.

of UNEP must both meet during a period of about two months owing to reporting requirements. To a large extent the requirements of UNCHS for common services must be added to those for UNEP.

33. It should also be noted that the "relative ease with which the project can be extended should the need arise" <sup>26/</sup> relates only to office space and special use areas housed in the modular office buildings. Conference and common services facilities are much more difficult to expand, and, consequently, it would not be prudent to plan merely for the anticipated requirements of three or four years beyond initial occupancy.

34. Common services and external facilities. The size of the common facilities for telecommunications, medical service, language training, staff welfare, building management, security and transport, visitors and tours already planned for the basic project has been reviewed and it is not considered necessary to expand these facilities in order to accommodate the additional use resulting from the location of UNCHS in Nairobi. However, it is estimated that an additional 1,851 square metres expansion of other common services facilities is necessary to meet the need of UNCHS and other requirements as follows:

Data processing	45
Documents and publications	316
Catering	450
Library and archives	740
Receiving and storage	<u>300</u>
	1,851

Additionally, parking for 200 cars of UNCHS staff and visitors is required.

35. It is estimated that the data processing facility should be enlarged by 45 square metres to accommodate the additional workload generated by UNCHS. The additional space required in the reproduction facilities is estimated at 316 square metres and is primarily storage and distribution - storage of supplies (85 m<sup>2</sup>); storage of finished documents and publications (150 m<sup>2</sup>); distribution and mailing (86 m<sup>2</sup>). The catering consultant and the architects have carefully analysed the over-all requirements for the catering facilities under the new conditions. They have recommended an increase of 190 square metres in seating areas - cafeteria (110 m<sup>2</sup>) and restaurant (80 m<sup>2</sup>) - and a substantial increase in storage areas - central food storage (125 m<sup>2</sup>), cool rooms and freezers (35 m<sup>2</sup>), non-food storage (100 m<sup>2</sup>). The recommended increases in seating areas are based on an assessment of the increased utilization of the facilities by UNCHS staff and conference participants, in addition to the staff of UNEP and the other United Nations offices and specialized agencies to be accommodated at the site. On the other hand, the increase in storage areas by 260 square metres is based on the catering consultants' recommendation for increased inventory levels which would permit more efficient and

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<sup>26/</sup> See para. 27 above; see also A/C.5/32/19, para. 20.

economical operations through bulk purchasing, permit greater menu flexibility without increasing prices and facilitate the accommodation of short-term fluctuations in utilization caused by variations in the level of conference activities.

36. The library and archive requirements of UNEP and UNCHS have been re-examined in the need to ensure that the collections and services are adequate to support the work programmes of the units concerned. It is considered necessary to provide space for the specialized and technical collections needed by the units which are not available elsewhere in Nairobi. Additionally, space is required for the general collections such as found at United Nations libraries in other established centres, as well as the collection of United Nations documents and publications. The estimated additional requirements for library services represent enlargements of the facilities planned for the basic project and amount to 590 square metres - periodicals (20 m<sup>2</sup>), reference and reading area (50 m<sup>2</sup>), stack area (400 m<sup>2</sup>), United Nations collection (100 m<sup>2</sup>), acquisitions (20 m<sup>2</sup>). Additionally, it is estimated that the archives and records area should be expanded by 150 square metres. 27/

37. It is estimated that shipping, receiving and storage areas should be increased by 300 square metres - mail and pouch (50 m<sup>2</sup>), office supplies and other storage (100 m<sup>2</sup>), bulk paper storage (100 m<sup>2</sup>), furniture and equipment storage (50 m<sup>2</sup>).

38. Conference and information facilities. Prior to the approval of final architectural designs, it was confirmed that the UNEP projected conference requirements remain as reported to ACABQ at the thirty-second session of the General Assembly. In its report, ACABQ noted that it had examined the projected usage for the conference facilities and reported that it had "no objection to the construction of the conference facilities as proposed by the Secretary-General". It also noted that the usage projected made no allowance for the additional usage that would result from the possible location of UNCHS in Nairobi. 28/ The conference facilities provided in the basic project have now been re-examined in view of projected additional usage by UNCHS and are considered adequate to accommodate the requirements of UNCHS.

39. Of the facilities for public information services already provided in the basic project, an area of 200 square metres was intended for small film and photo facilities for UNEP. To accommodate the substantial and specific space requirements for information and audio-visual activities of Vision Habitat it is necessary to expand these technical facilities by 150 square metres, as follows:

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27/ The total gross area of the library building is 2,196 m<sup>2</sup>, including the archives area. For comparison, the gross area of the ECA Library building in Addis Ababa is 3,920 m<sup>2</sup>. The Dag Hammarskjöld Library has a gross area of 11,200 m<sup>2</sup> and does not include archives.

28/ A/32/8/Add.10, paras. 19-24.

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	<u>Additions requested m<sup>2</sup></u>
(a) Film projection room	24
(b) Photo laboratory	18
(c) Photo-finishing room	18
(d) Photo filing and library	18
(e) Film-tape filing room	18
(f) Film-cutting room	18
(g) Storage for stock and equipment	18
(h) Sound control room	<u>18</u>
	150 m <sup>2</sup>

40. Operation of common services. The eventual arrangements decided upon for the operation of the common services facilities and the provision of joint administrative services for UNEP and UNCHS are not expected to have a major impact on space requirements for the project. As has been indicated elsewhere, 29/ these matters will be reviewed in the context of the preparation of the proposed programme budget for 1982-1983.

41. Summary of additional space requirements. On the basis of the requirements outlined above a total of 5,793 square metres additional net usable area is required:

Office and special use areas	3,792 m <sup>2</sup>
Common services	1,851 m <sup>2</sup>
Conference and information facilities	<u>150 m<sup>2</sup></u>
Total (net)	5,793 m <sup>2</sup>

This would result in gross area of additional construction of approximately 8,400 square metres.

42. Cost estimates. The present estimates are based on slightly different assumptions regarding inflation, contractual increases and other factors than the estimates for the basic project given in document A/C.5/32/19. There are several reasons for this. The primary reason is that inflation in building construction costs in Nairobi has been higher in the past two years than had generally been true for the preceding period. It is considered that, in the interest of achieving more realistic estimates, greater provision should be made for the possibility of increased costs. While every effort has been made to keep the costs for the basic project within the estimates presented to the General Assembly at its thirty-second

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29/ A/34/6, para. 19.44.

session, it would not be prudent in the light of more recent information to base the estimates for the additional construction on the same assumptions used for the basic project.

43. The over-all estimated cost for the proposed additional work at current prices (July 1979) is 45,667,000 Kenya shillings (or \$6,056,000 at 7.54 Kenya shillings to the United States dollar) calculated as follows:

<u>Basic construction cost of additional building</u>	<u>Kenya shillings</u>	<u>US dollar equivalent</u>
Excavation and foundations, new building construction, internal services and basic utilities, site improvements, landscaping and roads, including additional office buildings and enlargements of common services and other facilities	39,710,000	5,266,600
Professional fees	<u>5,957,000</u>	<u>790,000</u>
	45,667,000	6,056,600

44. As indicated in paragraph 42 above, construction costs in Nairobi have been increasing at a faster rate than anticipated. It is considered therefore, that allowance should be made in the estimates for additional construction for inflation up to tendering at a rate of at least 15 per cent per year. As outlined in document A/C.5/32/19, paragraph 26, automatic contractual increases affecting the project were expected to increase the construction cost of the basic project by slightly more than 20 per cent over the period of construction. Provision is also made in the calculations below for contractual increases at the rate of 20.62 per cent for consistency with previous estimates.

Estimated project cost at July 1979	Ksh	45,667,000
Estimated increase up to receipt of tenders in January 1980 (7 1/2 per cent) <u>30/</u>		<u>3,425,000</u>
		49,092,000

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30/ The quantity surveyor estimates that the inflation rate in Nairobi has been in excess of 24 per cent per year for the first half of 1979. It is expected that this rate will be reduced somewhat in the second half of 1979.

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Estimated contractual increases during construction (February 1980 to September 1982) (20.62 per cent) <u>31/</u>	Ksh	10,123,000
Administrative and other miscellaneous costs		860,000
Contingency		<u>2,961,000</u>
Estimated total project cost	Ksh	63,036,000
	or \$US	8,360,200

45. As indicated above, the architects have been directed to make allowance in the tender documents for the possibility that the General Assembly at its thirty-fourth session might authorize this additional construction. Accordingly, should the General Assembly approve the proposed additional work at its current session, it would be added to that part of the construction project which will commence in early 1980. It is possible that the addition of these works to the project may result in an increase of several months in construction time over that foreseen for the basic project, which is now scheduled for initial occupancy by the end of 1982.

46. Based on this schedule, the anticipated rates of inflation and price increases indicated above and an exchange rate of 7.54 shillings, the following pattern of appropriations would be required for the additional work:

1980-1981	\$ 3,390,000
1982-1983	<u>\$ 4,970,000</u>
Total	<u>\$ 8,360,200</u>

In view of the reduction of \$1,474,000 proposed in paragraph 15 above in the recommended appropriation for the biennium 1980-1981 in respect of the basic project, the net additional appropriation required for the biennium 1980-1981 would be \$1,916,000. As in the case of previous construction projects, the Secretary-General proposes that funds appropriated for the additional work be placed, together with the funds appropriated for the basic project authorized under Assembly resolution 32/208, in a special account established for the construction project, unexpended balances being carried forward into succeeding biennia until the project is completed and the final accounts audited.

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31/ If present trends were to continue, it is anticipated that contractual increases could be closer to 30 per cent. However, as had been indicated above in paragraph 14, the Secretary-General would be in a better position to estimate the actual rate of such increases next year and would report to the thirty-fifth General Assembly regarding the situation and any adjustments in the provision for contractual increases that might be necessary.

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47. As the proposed additions would be added to the basic project authorized in resolution 32/208, the present administrative arrangements for management of the construction project would continue. Primary responsibility for the construction project rests with the Executive Director of UNEP. A Headquarters Planning Unit is provided for on a temporary assistance basis under section 18 of the budget (UNEP). When requested, the Office of General Services at United Nations Headquarters would continue to provide UNEP with technical advice, would undertake periodic progress inspections and would review major decisions concerning construction prior to their adoption.

#### Recommendations

48. The Secretary-General considers that the additional construction proposed is necessary to provide for immediate and medium-term requirements of the United Nations Centre for Human Settlements at Nairobi. Accordingly, he recommends the following:

(a) Approval of the additional construction proposed in this report to be added to the basic project authorized in resolution 32/208.

(b) Approval of the placement of the funds appropriated for the additional construction, together with the funds appropriated for the basic project, in a special account, with any unexpended balance carried forward until the completion of the project.

(c) Approval of a net additional appropriation of \$1,916,000 for the biennium 1980-1981 under section 32 (construction, alteration, improvement and major maintenance of premises).

49. The balance of the appropriations required for the additional construction would be included in the proposed programme budget for 1982-1983.

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