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BUDGET ESTIMATES FOR THE FINANCIAL YEAR 1969

United Nations building in Santiago, Chile

Twenty-fourth report of the Advisory Committee on Administrative and Budgetary Questions to the General Assembly at its twenty-third session

1. The Advisory Committee on Administrative and Budgetary Questions has considered the report of the Secretary-General (A/C.5/1186 and Add.1) on the United Nations building in Santiago, Chile, in which he brings to the attention of the General Assembly, difficulties which have arisen since the building was occupied in November 1966, together with proposals for their solution.
2. In its report on this subject to the General Assembly at its twenty-second session,^{1/} the Advisory Committee concurred in the Secretary-General's request for an additional appropriation of \$89,000 under Section 7 (Buildings and improvements to premises) for 1968,^{2/} to enable the liquidation of contractual commitments outstanding from the construction of the building. At the same time, the Committee noted with concern that the Secretary-General was of the opinion that further expenditure tentatively estimated at \$85,000, would be required to remedy a number of defects which had become evident following occupancy of the building. Although the Secretary-General listed some of the items in paragraphs 28 and 29 of his report,^{2/} the Advisory Committee expressed the view that the question might prove more complex than was estimated. In the circumstances, the Committee withheld further comment pending a detailed report from the Secretary-General to

^{1/} Official Records of the General Assembly, Twenty-second Session, Annexes, agenda item 74, document A/6948.

^{2/} Ibid., document A/C.5/1143.

be submitted to the Committee at its 1968 summer session. The Committee requested that the report provide a full and comprehensive analysis of the problems encountered since the building was occupied. The Secretary-General's report is now before the General Assembly (A/C.5/1186 and Add.1).

3. The Advisory Committee's earlier concern is supported by the Secretary-General's report. On the basis of a thorough survey and analysis of the problems involved, the Secretary-General now estimates that an amount of \$1,799,500 will be required to implement the various projects he proposes for the improvement and expansion of the existing facilities of the building.

4. The Secretary-General also reports that it has become evident that early steps will need to be taken for the provision of additional space either by extension of the present building or by the rental of outside office facilities. In the opinion of the Secretary-General, the only real solution to current space problems and those which are expected to arise in the immediate future would be to supplement the present facilities by the addition of another building located on the same site. According to a survey made by the Economic Commission for Latin America in April 1968 of present needs and anticipated expansion up to the end of 1970, the cost of such a new building, on the basis of prevailing construction costs plus 15 per cent for contingencies, is estimated at approximately \$1.5 million. According to paragraphs 24 and 27 of the Secretary-General's report, a decision by the General Assembly to proceed with plans for an additional building could serve to reduce the present estimate of \$1,799,500 for improvements and expansion of the existing facilities by approximately \$471,000, to \$1,328,500. Such a decision would obviate the need for certain improvements and additions to the ground floor of the existing building to provide essential office space, which in relative terms would be more costly and less functional.

5. In paragraphs 8 to 18 of his report the Secretary-General describes in detail the measures which are necessary to restore projects which for the most part were eliminated during construction for reasons of economy, together with certain additional measures which experience has since shown to be necessary in order to provide reasonable working conditions. The cost of these items is summarized in paragraph 27 of the report as follows:

United States dollars

<u>A. Working floor</u>		
Lowering of ceiling and related alterations . . .	74,000	
Extension of office partitions to new ceiling height	35,500	
Lighting	28,000	
Insulation under floors	23,000	
Air-conditioning (cooling and heating)	646,000	
Enclosing of four connecting bridges	49,500	
Enclosing of four access staircases at three levels	<u>23,000</u>	879,000
<u>B. Ground floor</u>		
Enclosing of corridors and other open areas . . .	116,000	
Acoustical treatment of ceilings in offices . . .	5,000	
Acoustical treatment of ceilings and walls of classrooms	6,000	
Extension to this area of air-conditioning system proposed for the working floor	<u>27,000</u>	154,000 ^{a/}
<u>C. Central block</u>		
Painting of unfinished concrete walls		3,000
<u>D. Site</u>		
Paving of roadways with concrete	60,000	
Paving of parking areas with black top	25,000	
Landscaping	16,000	
Sprinkler system	10,000	
Lighting of roadways and parking areas	7,000	
Filling of water and channel on ground floor . .	3,500	
Drilling and installation of water pumping equipment	<u>15,000</u>	136,500
<u>E. Construction to provide additional space</u>		
Addition of 780 m ² of office space on ground floor	168,000 ^{b/}	
Air-conditioning (cooling and heating) of new office area	149,000 ^{c/}	
Completion of second conference room, including access corridors and furnishings	<u>110,000</u>	427,000
<u>F. Architectural fees and contingencies</u>		<u>200,000</u>
		<u>1,799,500</u>

^{a/} Items which could be excluded should an additional building be envisaged.

^{b/} Ibid.; ^{c/} Ibid.

Observations and recommendations of the Advisory Committee

6. In its examination of the Secretary-General's report (A/C.5/1186 and Add.1), the Advisory Committee recalled the various factors which resulted in the increase of the cost of the United Nations building in Santiago from \$1,550,000, as approved by General Assembly resolution 1407 (XIV) of 1 December 1959, to \$4,199,100 as reported by the Secretary-General and approved by the Assembly at its twenty-second session.^{3/} The funds provided for the completion of the building were as follows:

	<u>United States dollars</u>
(a) Funds provided under the regular budget	2,709,654
(b) Results of the gift programme	155,313
(c) Estimates of other revenue:	
(i) Sales of surplus items of equipment	67,971
(ii) Gain on exchange	<u>66,162</u> 134,133
(d) Additional contribution by the Government of Chile provided initially under the regular budgets for the financial years 1965 and 1966	 <u>1,200,000</u>
Total	<u>4,199,100</u>

7. It will therefore be seen that on the basis of the Secretary-General's present proposals for making the existing premises fully functional, the total cost of the building in Santiago will have risen from \$1,550,000 to \$5,998,600. This latter figure would be reduced by \$471,000 to \$5,527,600 should the General Assembly adopt the Secretary-General's suggestion for the construction of a satellite building mentioned in paragraph 4 above.

8. As indicated in paragraph 5 above, following a visit by three officers from Headquarters to the Economic Commission in Latin America (ECLA), Santiago, in December 1964, it was decided to eliminate certain construction projects, installations and finishings, in order to effect essential economies in the total cost of the building. These adjustments fell under three main headings:

(a) Cut-backs in selected items under the heading of installations and finishings, such as electrical installations - together with light fixtures - acoustical ceiling and flooring, including carpets, partly by elimination and partly by reduction of specifications;

^{3/} Ibid.

(b) Reduction or elimination of some items under the heading "Site and utilities", such as retaining walls and the reflecting pool (the latter being an integral part of the air-conditioning system could not be eliminated, but was reduced to its simplest and least costly form);

(c) The elimination of the second (and smaller) conference room, the "Diamante".

Although it is difficult at this stage to estimate the total amount of the reductions effected, the Committee recalls that elimination of the second conference room resulted in the largest saving, estimated at that time at \$117,000. While it is true that some of the shortcomings of the present building are a direct result of economies considered essential during the various stages of construction, it is also true that the majority of the projects now proposed by the Secretary-General were never envisaged either in the original or revised estimates and, accordingly, must be attributed to other circumstances which received insufficient attention during the initial planning stages.

9. With regard to the present proposals, the Advisory Committee inquired of the Secretary-General's representatives whether the costs of implementing the additional projects could be broken down over a two-year period on a priority basis. The Committee was informed that, based on the 1968 cost estimates listed in paragraph 5 above, the expenditures over the years 1969 and 1970 might be of the following order:

	<u>1969</u>	<u>1970</u>	<u>Total</u>
	<u>United States dollars</u>		
I. <u>Working floor</u>			
Ceiling, lighting, bridges, stairways	174,500		174,500
Air-conditioning	235,000	411,000	646,000
Office partitions and insulating floors	-	58,500	58,500
Sub-total I . . .	409,500	469,500	879,000
II. <u>Central block</u>			
Painting of walls	3,000	-	3,000
III. <u>Site</u>			
All items	136,500	-	136,500
IV. <u>Construction</u>			
Completion of second conference room	75,000	35,000	110,000
V. <u>Architects and engineers fees</u>	35,000	35,000	70,000
VI. <u>Contingencies</u>	-	130,000	130,000
Totals I through VI . . .	659,000	669,500	1,328,500
VII. <u>Ground floor</u> ^{a/}			154,000
VIII. <u>Construction</u>			317,000
Total costs. .			1,799,500

^{a/} See foot-note to items B and E of the table contained in paragraph 5 above.

Items VII and VIII in the table above are shown separately in total amounts in the light of the Advisory Committee's observations contained in paragraph 12 below, on the Secretary-General's alternative suggestion for the construction of a satellite building. As pointed out by the Secretary-General, the above estimates have been prepared without the benefit of detailed plans and specifications and are based on the present costs of labour and materials. In this connexion, it should also be noted that the amount of \$130,000 for contingencies excludes provision for any possible increases for labour and materials.

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10. In a number of previous reports, the Advisory Committee expressed its concern over the various factors which, for a number of years, had required the Secretary-General to seek additional appropriations from the General Assembly for the construction and equipping of the United Nations building at Santiago. At the same time the Committee recognized that the Secretary-General had been faced with a case of force majeure, and felt that the interests of the Organization would best be served by the early completion of the building and, accordingly, supported the Secretary-General's requests. The Committee is bound to state, however, that it remains of the view that a number of those problems, which have resulted in considerable additional expense to the Organization, might have been avoided by the continuous application of essential administrative and financial controls throughout the planning and construction period.

11. The General Assembly is now confronted with a request, the magnitude of which even exceeds the Advisory Committee's earlier apprehensions, as noted in paragraph 2 above, and which, in addition to proposing adjustments to the existing premises, suggests the construction of a satellite building. It is therefore understandable that the Committee devoted considerable attention to the present proposals and inquired at length into the nature of the problems which had arisen following occupancy of the building in November 1966. It became increasingly evident to the Committee that the functional difficulties reported to it were of such a serious nature that little short of the drastic measures proposed by the Secretary-General would provide ECLA with the facilities and services necessary to ensure adequate accommodation and reasonable working conditions to meet existing needs. The Committee was especially concerned that strict measures be taken to prevent a recurrence of this unfortunate situation in any future modifications or new construction in Santiago.

12. It was in this context that the Advisory Committee, albeit reluctantly, came to the conclusion that consideration also should be given to the Secretary-General's alternative suggestion for the construction of a satellite building. The Committee's decision was motivated by the need to provide ECLA with a margin for future space needs. Also, a satellite building would make it possible to dispense with the proposed construction and improvisations on the ground floor

of the existing building (see the foot-note to the table contained in paragraph 5 above),^{4/} which area was not designed to accommodate office space and, regardless of adaptation, would prove expensive to convert and less efficient functionally. The elimination of these items would reduce the Secretary-General's estimate of \$1,799,500 by \$471,000, to \$1,328,500.

13. As noted in paragraph 4 above, on the basis of prevailing costs plus architectural and engineering fees and provision for contingencies, the cost of a satellite building of some 43,056 square feet (4,000 square metres) is estimated by the Secretary-General at approximately \$1.5 million. This figure excludes a provision for possible increases in the costs of labour and materials during the construction period.

14. The Secretary-General indicates that the total additional accommodation requirements in Santiago during the next few years are estimated at 23,734 square feet (2,205 square metres), including office space, meeting rooms and service areas. The building envisaged would be of a simple and functional design similar to office buildings now being built in the Santiago area and could be located on the same site, behind the main building, in order to keep intact the architectural integrity of the structure.

15. Representatives of the Secretary-General informed the Advisory Committee that the preparation of detailed plans and cost estimates for the construction of a satellite building for consideration by the General Assembly at its twenty-fourth session would cost approximately \$41,000. The Committee, having examined the various alternatives proposed by the Secretary-General for providing adequate office and meetings accommodation in Santiago in the future, sees no other course of action than to recommend that the Assembly authorize the Secretary-General to proceed with the necessary detailed plans and specifications and related cost estimates for the construction of a satellite building in Santiago.

16. However, the Advisory Committee is concerned that, in preparing any plans for new construction in Santiago to provide adequate facilities for ECLA and the Latin American Institute for Economic and Social Planning, urgent consideration

^{4/} A/C.5/1186 and Add.1.

should also be given to whether accommodation should be provided for other local offices of the United Nations, including the United Nations Development Programme and the specialized agencies. In this connexion, the Committee would recall that in its report to the Assembly at its eighteenth session,^{5/} it noted that the present building was originally intended to house other local offices of the United Nations and the specialized agencies. Subsequently, the Secretary-General, bearing in mind that the additional contribution of \$1.2 million of the Government of Chile towards the cost of construction of the present building was made with the understanding that space would be provided in the building for the Latin American Institute for Economic and Social Planning, authorized construction to proceed in the manner necessary to accommodate the Institute. It therefore became evident that it would not be possible to provide the necessary office space for the specialized agencies, a situation regretted by the Committee. Accordingly, the Committee trusts that the Secretary-General will consult with the heads of the other organizations of the United Nations family having offices in Santiago as to the practicability of incorporating their requirements in his detailed plans for a satellite building to be submitted to the Assembly at its twenty-fourth session. The Committee also suggests that the Secretary-General might wish to give further consideration to providing adequate accommodation in Santiago beyond 1970 as at present envisaged.

17. In its consideration of the Secretary-General's proposals, the Advisory Committee has been mindful of the many problems, financial and others, which beset the construction of the United Nations building in Santiago from its very inception. The Committee is also aware that similar problems have been experienced in the construction of other United Nations buildings overseas. Accordingly, the Committee intends to study the over-all problem of ensuring essential administrative management and financial controls in any future undertakings of this nature by the Organization, and to submit its observations to the Secretary-General.

^{5/} Official Records of the General Assembly, Eighteenth Session, Annexes, agenda item 58, document A/5622, paras. 3 and 6.

Summary of Advisory Committee's recommendations

18. Having given full consideration to all the proposals contained in the Secretary-General's report (A/C.5/1186 and Add.1), the Advisory Committee commends the following to the General Assembly for consideration:

(a) That the General Assembly authorize the Secretary-General to proceed with the implementation in 1969 of the additional projects proposed in paragraph 27 of his report, as modified by the Advisory Committee that are contained in paragraph 9 above, items I through VI, for 1969, within a maximum appropriation of \$659,000 in 1969;

(b) That the General Assembly authorize the Secretary-General to proceed, within a maximum expenditure of \$41,000 in 1969, with the preparation of detailed plans and specifications and related costs for a satellite building in Santiago, having also in mind the needs of other organizations of the United Nations family with local offices in Santiago, and request him to submit a report for consideration by the General Assembly at its twenty-fourth session;

(c) That the General Assembly request the Secretary-General to include in his initial budget estimates for 1970, for consideration by the Advisory Committee at its summer session in 1969, reliable estimates for the implementation in 1970 of the additional projects included for that year in the table contained in paragraph 9 above, items I through VI, currently estimated by the Secretary-General at approximately \$669,500.

19. The adoption by the General Assembly of the Secretary-General's proposals, as modified by the Advisory Committee in the table contained in paragraph 18 above, items A and B, would require an additional appropriation of \$700,000 under section 7 (Buildings and improvements to premises) for 1969.
