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Proposed programme budget for 2023

Progress on the renovation of the North Building at the Economic Commission for Latin America and the Caribbean in Santiago

Report of the Secretary-General

Summary

The fourth progress report on the seismic mitigation and renovation project of the North Building at the Economic Commission for Latin America and the Caribbean (ECLAC) in Santiago is submitted pursuant to section XVI of General Assembly resolution [76/246 A](#).

The present report contains an update on the project since the issuance of the previous progress report of the Secretary-General ([A/76/323](#)), including on the procurement processes and the project risks assessment, along with the associated mitigation measures. In addition, it contains an update in respect of the design and implementation plans to ensure the inclusion of persons with disabilities, as well as in respect of sustainability and energy efficiency measures, which would allow the building to be constructed on a “net zero” basis.

The report also explains the reasons that led to the cancellation of the tender for the general contractor service contract for the main renovation works, along with the actions taken by the Commission to launch a rebidding tendering exercise under a multistage request for proposals methodology.

The project is progressing according to its objectives regarding seismic mitigation measures, energy efficiency and compliance with codes and health and safety standards. The schedule has been updated to reflect a completion date by the end of 2024, representing a delay of one year due to the above-mentioned unforeseen cancellation of the tender for the general contractor service contract and the launch of the rebidding tendering exercise. The architectural and engineering design documents have been completed, while the potential impacts of cost escalations are continuously being monitored. The report details the range of efforts being undertaken in order to mitigate the risks related to the ongoing tendering process and the construction planning phase, including the impacts of global events on the supply

* [A/77/150](#).



chain. An update of the Monte Carlo analysis indicates that the confidence level that the project will be completed within the approved budget has decreased to approximately 14 per cent.

The proposed actions to be taken by the General Assembly are set out in section VIII of the report. The Assembly is requested to take note of the report, to approve the continuation of a temporary position of Procurement Officer (P-3) for the period from January to April 2023 and to appropriate an amount of \$640,400 for 2023.

I. Introduction

1. The present report is the fourth progress report on the implementation of the seismic mitigation and renovation project of the North Building at the Economic Commission for Latin America and the Caribbean (ECLAC) in Santiago. It is being submitted pursuant to section XVI of General Assembly resolution [76/246](#) A and provides an update on the progress made on the project since the issuance of the previous progress report ([A/76/323](#)).

2. The project continues to be implemented in accordance with the approved project objectives. The aim of the project is to dismantle the existing building envelope and reconstruct the building, reutilizing its current structure, to attain a code-compliant, safe, functional and efficient office building that is conducive to a more productive and sustainable working environment, while extending its useful life in the range of 40 to 50 years. The renovation is expected to result in a reduction in operating costs. It will also help to establish functional, operational and sustainability guidelines for future projects.

3. In the present report, the planning and related actions for the project to date are summarized and updates are provided on: (a) project governance, including the stakeholders committee, the activities of the working groups and the working relationship with the Global Asset Management Policy Service at United Nations Headquarters; (b) the work of the project management team; (c) project benefits; (d) the risk management analysis; (e) the strategy for the deployment of the temporary swing space; (f) the detailed analysis of the energy efficiency strategy and components; and (g) the cost plan based on the latest market surveys and global supply chain factors, as well as enriched design plans.

II. Project objectives and benefits

A. Objectives

4. The key project objectives, established at the inception of the project plan, remain as indicated in the previous progress report and are in line with the key objectives outlined in the report of the Secretary-General on the strategic capital review ([A/68/733](#)). The project objectives include: (a) to meet local and international codes related to health and safety issues; (b) to maintain property value; (c) to reduce fresh and sanitary water consumption; (d) to develop an energy efficiency strategy, including returning surplus energy to the national grid; and (e) to improve space usage efficiency.

B. Benefits

5. The project benefits set out in the previous progress report remain unchanged. The project will provide the Organization with a fully renovated, seismically safe and code-compliant work environment in an efficient building that meets or exceeds industry standards. In addition, the project comprises both passive and active strategies to achieve high standards of energy efficiency, energy generation and water treatment, while reducing greenhouse gas emissions and achieving savings in operating costs. All these factors are expected to contribute to maintaining the value of the building.

III. Project governance and management

A. Project governance

6. The established overall governance structure for the project remains unchanged. The Executive Secretary of ECLAC is the project owner and is supported by a Project Executive and a dedicated project management team.

Stakeholders committee

7. The stakeholders committee met twice during the present reporting period. In meetings held between June and August 2021, the project management team shared and discussed with the members of the stakeholders committee: (a) the final design, with the inclusion of elements to ensure universal accessibility; (b) the implementation of technical features; (c) the impacts of the coronavirus disease (COVID-19) pandemic during 2020 and 2021, along with an updated risk analysis; and (e) internal logistics and coordination of the move to temporary swing spaces. The committee agreed with the proposals from the project management team and paid special attention to universal accessibility measures. It endorsed the recommendations on accessibility made by the ECLAC internal working group on accessibility, CEPALDIS. The committee requested that special attention be given to the moving of staff into temporary swing spaces, for which focal points were established for coordination with each division.

8. In November 2021, the stakeholders committee was informed of the cancelled bid for the general construction contract and the next steps towards the retendering process.

Coordination and oversight by the Global Asset Management Policy Service at Headquarters

9. The Global Asset Management Policy Service at United Nations Headquarters has continued to engage closely with the project management team. In the context of the cancelled bid tender for the general construction contract, the Service facilitated weekly meetings between the project management team and the Procurement Division at Headquarters, in addition to the regular project coordination meetings that are held at least fortnightly between the project management team and the Service.

10. The Global Asset Management Policy Service is supported by an international professional firm in providing construction-related independent risk management services for the project owner. Regular risk assessment meetings were held with the ECLAC project management team and key project stakeholders prior to the issuance of the biannual independent risk management reports.

Project management

11. All the positions in the local project management team are encumbered, as shown in table 1. The updated project schedule, including the retendering for the general construction contract, reflects an extension of 12 months for the term of the project management team vis-à-vis the original timeline, in order to complete all stages of the project. ECLAC is closely monitoring cost projections so that the extension of the project management team for the required period would remain as much as possible within the overall approved budget for project management. To support the retendering of the general construction contract, ECLAC has recruited a temporary position of Procurement Officer (P-3), starting in July 2022, which is proposed to be continued for the period January to April 2023, as further explained in paragraph 29 (b) below.

12. The recruitment of the Project Coordinator (P-3), to be located within the Global Asset Management and Policy Service at Headquarters (cost-shared with the major construction project at the United Nations Office at Nairobi), has been delayed in order to limit possible cost overruns on project budgets in view of the current status of the project. The position is planned to be filled after the general contract is awarded in 2023.

Table 1

Incumbency of project management positions since the inception of the project

<i>Positions</i>	<i>2018</i>	<i>2019</i>	<i>2020</i>	<i>2021</i>	<i>2022</i>	<i>2023 planned</i>	<i>2024 planned</i>
Project Manager (National Professional Officer)	Encumbered since August	Encumbered	Encumbered	Encumbered	Encumbered	Encumbered	Encumbered
Project Assistant (Local level)	—	Encumbered since January	Encumbered	Encumbered	Encumbered	Encumbered	Encumbered
Project Assistant (Local level)	—	Encumbered since August	Encumbered	Encumbered	Encumbered	Encumbered	Encumbered
Procurement Officer (P-3)	—	—	—	—	Encumbered since July	Encumbered up to April	—
Project Coordinator (P-3) ^a	—	Vacant	Vacant	Vacant	Vacant	Encumbered	Encumbered

^a The Project Coordinator position was approved by the General Assembly in its resolution [73/279](#) A.

IV. Risk management

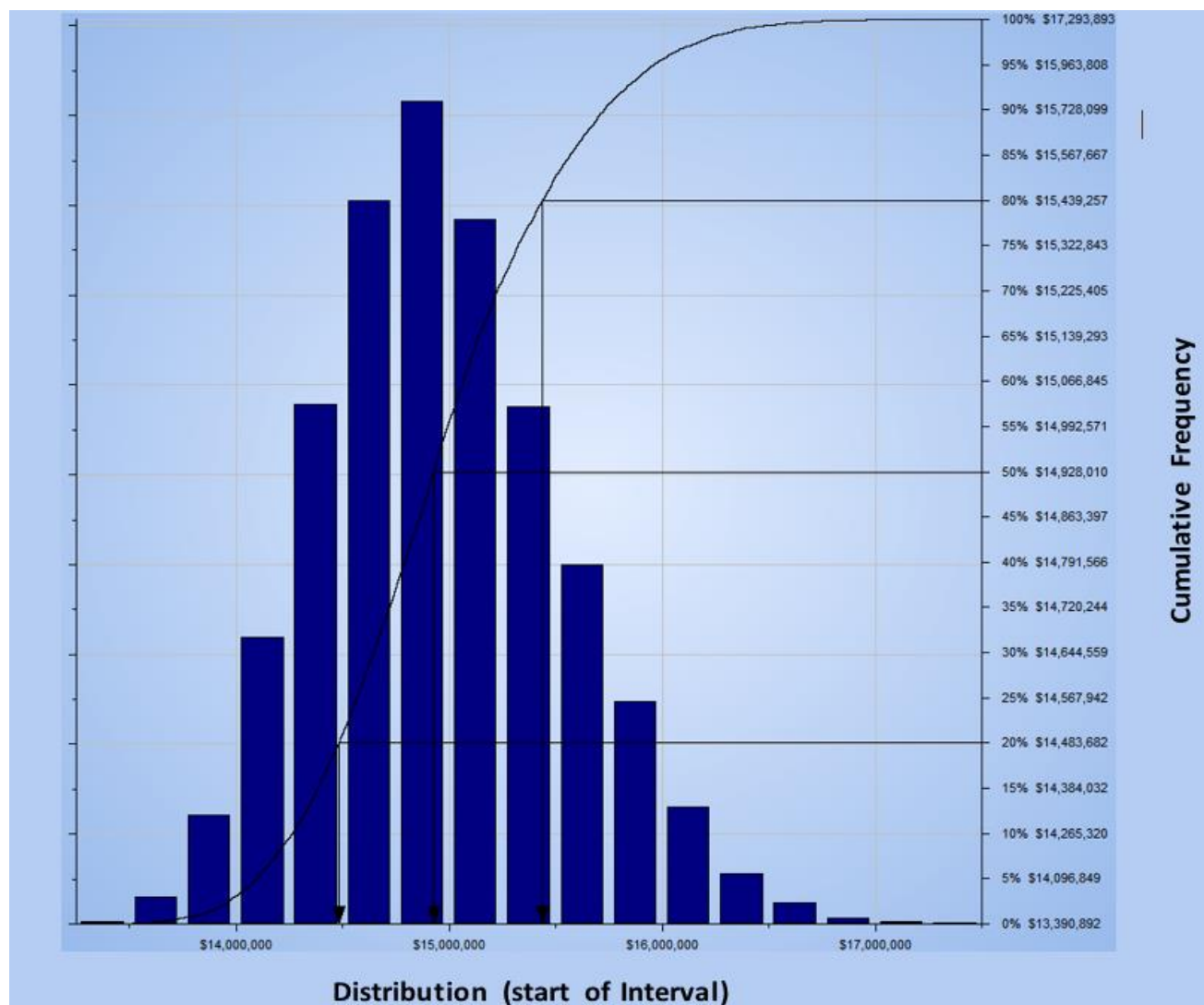
A. Independent risk assessment

13. Since the issuance of the risk management strategy in 2018, the independent risk consultant has issued eight biannual reports: two for 2018, two for 2019, two for 2020 and two for 2021. Regular quarterly meetings continue to be held to review the project risk register and provide guidance on the management of project risks accordingly.

14. In May 2022, the Global Asset Management Policy Service, the project management team and the independent risk consultant conducted the fourth Monte Carlo analysis to determine the project's current risks and the likelihood of achieving the "P80" benchmark that has been established as the target confidence level for the major capital projects.

15. A summary of the fourth Monte Carlo analysis of the project is provided in the form of a cost histogram in figure I.

Figure I
Cost histogram of analysed risks as at June 2022



16. The third Monte Carlo simulation, generated in 2021, showed that at the United Nations “P80” benchmark level, the project was expected to come in at approximately \$14.6 million, or approximately \$0.3 million over budget. At the time of reporting in 2021, the confidence level had progressed to 49 per cent during the general construction contract pre-tender phase of the project. The current Monte Carlo analysis reveals that the confidence level that the project will be completed within the approved budget has decreased to approximately 14 per cent. The simulation of the cost histogram illustrates that the level of confidence for the project to be completed within the approved budget, without any further mitigation action, has dropped by 35 percentage points from the simulation in 2021, and the confidence level is currently low for the project to be completed within the approved budget of \$14.3 million, with a “P80” confidence level at \$15.4 million, or approximately \$1.1 million over budget.

17. Throughout the reporting period, the project management team continued to take proactive measures to manage the risks identified by engaging closely with the ECLAC Procurement Unit, the Procurement Division at Headquarters and the Global Asset Management Policy Service to review lessons learned and strategize on new

approaches for a successful retendering process through the implementation of a multistage bidding process with a competitive dialogue. The project management team is continuing to work closely with the Procurement Unit in ECLAC for the direct purchase of various systems as a means of reducing costs and administrative fees. Receiving goods in advance and storing them in the ECLAC compound has the potential to reduce logistics-related risks and potential delays due to supply chain issues. These steps should prove to be effective and useful risk mitigation actions towards the continued improvement of the confidence level.

B. Integrated risk management

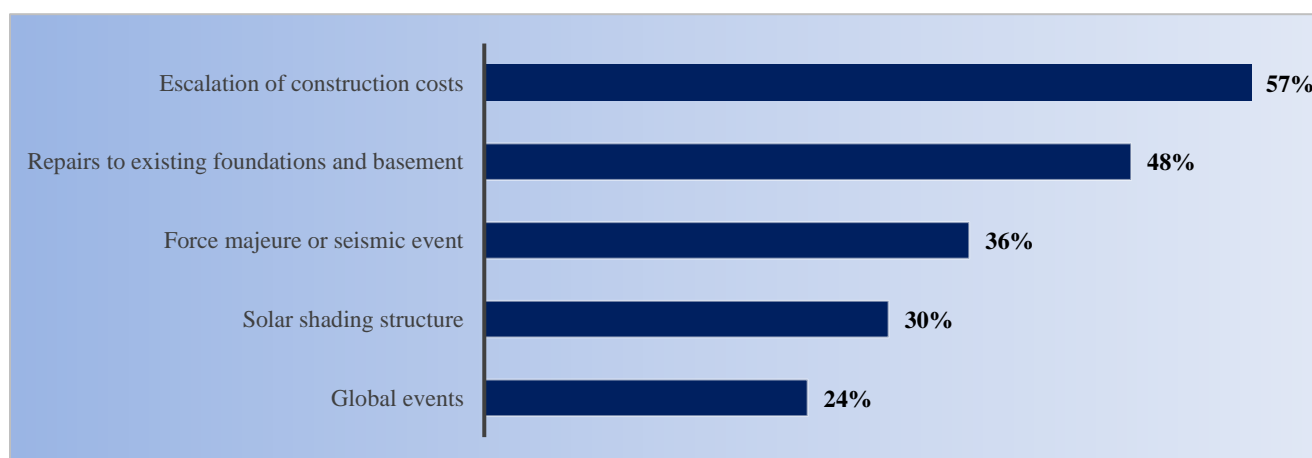
18. Integrated risk management continues to be performed at the local level by the project management team at ECLAC through the established risk register process, which is supported by the project's lead consulting firm and engineers. The Global Asset Management Policy Service at Headquarters, in coordination with the independent risk management consultant, also support the ECLAC project management team and will continue to do so through to project completion.

C. Risk register

19. The project risk register, which was established in line with the risk management strategy, is monitored and updated on a regular basis by the project management team. Of the 11 risks that were being monitored by the team during the reporting period, 8 were closed, being either recategorized or retired according to the progress made on the project. It is expected that, as the project moves into the retendering bid phase, the risks will continue to be mitigated and closed while new ones may emerge. However, the risk of a seismic event occurring is expected to persist through to project completion owing to the uncertainty associated with such events. The risk register is intended to be a dynamic documentation tool for the project management team that is fully coordinated with the Monte Carlo analysis process through to the end of the project.

20. Figure II presents a cost sensitivity analysis, which measures the correlation or relationship between individual risk entries and the overall estimated cost. The higher the cost sensitivity, the stronger the relationship between the estimate at completion and the individual risk. The figure contains a list of the top risks that have emerged as having the highest cost correlation at the time of reporting.

Figure II
Cost sensitivity as at June 2022



D. Description of the top five project risks

21. The top five risks identified in figure III are explained in further details below along with the risk response:

(a) **Escalation of construction costs.** Over the course of the reporting period, the project management team tracked an upward trend in construction costs owing to price increases due to material shortages, supply chain disruptions and inflation. The construction industry in Chile rallied after a significant period of a combination of lockdown restrictions due to the global pandemic and high demand for construction materials. This risk accounts for potential continued cost increases as the project progresses. The project management team and the ECLAC Procurement Unit will continue to monitor market fluctuations for essential construction materials and investigate available alternatives and appropriate value engineering measures. In addition, the project management team will continue to assess the cost reports published by the Chilean Chamber of Construction to identify further fluctuations in the cost of materials, supplies and local labour;

(b) **Repairs to existing foundations and basement.** This risk relates to the repair works associated with the existing foundations and other concrete and structural elements of the North Building. In the development phase of the project, construction costs were estimated before any architectural designs were drawn. Several building cost categories were determined, including the repairs associated with existing foundations and other concrete and structural elements. As the detailed design was developed, the cost of materials, such as ready-mix concrete and structural steel rebar, surged during the reporting period. Such materials are considered among the most cost-sensitive construction categories affected by inflation. To mitigate this risk, the project management team, with the support of the lead consulting firm, will aim to provide value engineering alternatives to bidders during the competitive dialogue phase of the multistage request for proposals tender;

(c) **Force majeure or seismic event.** The risk of a seismic event occurring is expected to persist through to the end of the project owing to the uncertainty associated with such events. Historically, the region in which ECLAC is located has experienced a major earthquake every seven years, which means that there is a chance of an earthquake at some point during the execution of the project. This is an inherent risk to the project that would have a great impact if it did occur, even though there is a relatively low likelihood of such an event occurring. In the case of a seismic event, there would be an impact on cost, scheduling, logistics and the availability of materials in the region and it would cause other supply chain delays. The mitigation measures being implemented in the current renovation phase are aimed at ensuring that prevailing local seismic codes are respected, and preparedness measures are in place, and that insurance policies and contract clauses with the various contractors are in place to reduce the risk. The project management team, ECLAC facilities management and the ECLAC safety and security staff, in collaboration with the host country, are continually keeping abreast of any developments in this area;

(d) **Solar shading structure.** This risk refers to the structure associated with the automated solar shading support for the North Building. At the time of project planning and cost estimating, the lead consulting firm had not yet been awarded a contract and estimates were made on the basis of information available to the project management team at the time. As the project design was developed, it was decided that, in order to keep the North Building free of any additional structural elements, the solar shading would be included in the structure of the photovoltaic plant and would therefore not be part of the North Building. These design decisions have had an impact on the cost of the solar shading structure. As a risk mitigating measure, the

project management team is working closely with the lead consulting firm to identify value engineering options related to the automation of the solar shading, which will be validated by the successful general contractor;

(e) **Global events.** While it is premature to estimate the range of impacts through to the completion of the project, it is noted that global trends in respect of supply chain disruption and inflation patterns are likely to continue. As a risk mitigation measure, the project management team is working closely with the ECLAC Procurement Unit to execute all ongoing bid tenders as expeditiously as possible and continue to monitor the markets to address the risks of possible shortages in supply and delays in receipt, particularly for products, equipment and materials whose supply is only possible via importing sources.

Table 2

Top five project risks, 2020–2023

	<i>Previous top five risks (A/75/347, para. 24)</i>	<i>Previous top five risks (A/76/323, para. 17)</i>	<i>Current top five risks (A/77/315, para. 21)</i>
1	Schedule delay in the start of construction owing to the COVID-19 pandemic	Schedule delay (pre-construction phase)	Escalation of construction costs
2	Owner-directed changes (late design requirements and optional scope additions)	Owner-directed scope changes	Repairs to existing foundation and basement
3	Schedule delay relating to the availability of materials	Cost increases (availability of materials)	Force majeure or seismic event
4	Labour strike	Schedule delay (unavailability of materials due to COVID-19)	Solar shading structure
5	Seismic event	Seismic event	Global events

V. Progress made on the project during the reporting period

A. Cooperation with Member States and the host Government

22. During the reporting period, ECLAC continued its efforts to seek voluntary contributions and cooperation with Member States and the host Government, in particular with regard to technical support and in-kind contributions. The results of those efforts are described below.

B. Status of voluntary contributions

23. In-kind contributions were provided by programmes funded by the Production Development Corporation of Chile, under the auspices of the Government of Chile, which continued to provide feedback as the project transitioned to the construction phase, as described in the previous progress report. These contributions related to the following activities:

(a) Technical support from the “Plan BIM” project on the implementation of the building information modelling methodology, information management and the compilation of technical documents during the design and construction phases, which was incorporated into the rebidding multistage request for proposals documents;

(b) Technical support from the “Construye 2025” programme in the definition of guidelines for the development of a plan for reusing, recycling or otherwise deriving value from disassembled building components, which has been developed by the lead consulting firm.

C. Procurement activities

1. Outcome of the general construction request for proposals tendering process

24. The request for proposals for the general construction tendering process of the North Building started with the publication of the expression of interest on 2 May 2021, in the local media as well as on the ECLAC, United Nations Procurement Division and United Nations Global Marketplace websites, with a closing date of 31 May 2021. A total of 20 companies responded and confirmed their participation.

25. On 21 July 2021, the request for proposals was issued, including to the 20 vendors that had responded favourably to the expression of interest. During the process, the number of bidders dropped to the 14 companies that attended the virtual mandatory conference for bidders. Upon completion of the submission of proposals period, on 13 October 2021, only one company presented a proposal.

26. After the cancellation of the bid tender process, an invitation to a debriefing meeting was extended to all participants, receiving six positive responses from the bidders. Individual meetings were scheduled, with the attendance of the bidders’ representatives, the ECLAC Procurement Unit team and the project management team to discuss the considerations taken into account in the costing of the submitted proposal or reasons for not submitting a proposal. The main reasons given by the other vendors for not submitting proposals were as follows:

- (a) Increased costs and extent of construction bonds;
- (b) Some companies’ non-compliance with ISO 14000 certification;
- (c) Excessive financial requirements;
- (d) High workload demand for the study for the tendering process, owing to the complexity and highly detailed technical scope of the project;
- (e) High workload at the bidding process period;
- (f) Problems with subcontractors in delivering quotations on time;
- (g) Current market conditions.

27. The cost of the one and only commercial proposal presented to the bid was 63.95 per cent over the estimated value determined at the launch of the expression of interest, in the first quarter of 2021. A detailed analysis of the general bill of quantities in the proposal was performed by the project management team and the lead consulting firm, which detected several discrepancies in individual pricing in relation to current market conditions and deviations in the quantities of construction materials and components from those specified in the building information model provided to the bidders.

28. Details of the result of this tendering process were discussed by the ECLAC team and the Global Asset Management Policy Service, in consultation with the Procurement Division at Headquarters, resulting in the following action steps:

- (a) Cancellation of the bid tender process and establishment of a new tender process;
- (b) Revision of technical documents and contractual conditions, in the context of the post-bid exercise of lessons learned from the cancelled bidding process;

(c) Request approval from the Assistant Secretary-General for Supply Chain Management to a rebid using a multistage request for proposals methodology with a competitive dialogue process.

2. Relaunch of the multistage request for proposals with a competitive dialogue process

29. In February 2022, the project executive of ECLAC requested the approval of the Assistant Secretary-General for Supply Chain Management to relaunch the tendering process. The following measures were requested by the Assistant Secretary-General as conditions for approval of a multistage request for proposals strategy:

(a) **Inclusion of a probity monitor consultant to oversee the solicitation process up to the recommendation of award stage.** This action included the issuance of a request for information to identify candidates for the probity monitor role. A consultant with experience in public construction tendering processes was approved by the Assistant Secretary-General for Supply Chain Management and selected for the position in May 2022;

(b) **Dedicated procurement personnel.** A multistage request for proposals is a demanding, resource-intensive and complex process. ECLAC has therefore hired a dedicated Procurement Officer, who was onboarded in July 2022, as a risk mitigating measure against further delays;

(c) **Expression of interest with pre-qualification.** With a view to attracting qualified vendors to participate in the multistage request for proposals, a pre-qualification exercise was undertaken through a request for expression of interest, with the aim of reaching a wide, relevant, technically competent and financially sound pool of companies. The relaunch of the multistage request for proposals was approved by the Assistant Secretary-General for Supply Chain Management on 15 March 2022 and the expression of interest with pre-qualification was published on 21 July on the United Nations Global Marketplace, with a closing date of 26 September 2022. Following the tendering process and the award of the contract, construction works are expected to begin by April 2023.

3. Status of complementary procurement processes

30. As part of the recommended advance purchases to mitigate delays during the construction process, the following complementary tenders are being carried forward:

(a) **Workstations and furniture.** As planned, the purchase of furniture for the North Building project was divided into two phases. Included in phase one is 50 per cent of the required furniture of the project, to be used in the temporary swing space locations and then moved into the renovated North Building after it is completed. For this process, all existing furniture providers with systems contracts were invited to provide quotes. The existing on-call furniture vendor was awarded the contract as it offered the best value for money. At the time of reporting, the shipment was en route, and it was expected to be delivered to the ECLAC compound by September 2022. Phase two of the furniture purchase is scheduled for the second half of 2023;

(b) **Heating, ventilation and air conditioning components.** Heating, ventilation and air conditioning components were bid in a general tendering process considering the supply of the equipment for the following categories: variable refrigerant volume units, precision air conditioning units and heat recovery units as a single contract. Because each category has its own specific manufacturer, importation schedule, country of origin and cost estimates, the tendering was divided into three different processes to expedite the most efficient procurement strategy. Once the local procurement authority was approved in May 2022, the tender processes were

launched in June 2022 under invitation to bid and request for quotations modalities. The contract is expected to be awarded in November 2022. Upon the delivery of the equipment to ECLAC, it will be stored in the compound until it is installed by the general contractor, according to the construction schedule;

(c) **Solar photovoltaic plant components.** The tendering exercise, which included detailed engineering, supply, installation, and commissioning of the photovoltaic plant, was successfully completed. The contract was awarded in May 2022 to a Chilean solar engineering company, with a schedule to supply the photovoltaic components by May 2023. The system will be stored in the ECLAC compound until it is installed on the building's superstructure. The installing and commissioning stages, which represent 20 per cent of the cost of the contract, will be scheduled according to the final construction schedule;

(d) **Wastewater treatment plant and its components.** The tendering process for the supply and installation of the North Building water treatment plant and its components was rescheduled in order to include within its scope the engineering parameters and integration layouts in order to ensure compliance with the recently developed ECLAC general water management plan and its related improvement projects, which corresponds to a holistic strategy designed to reduce water consumption in view of the worsening drought situation in Chile, and to ensure the operation of the compound with a sustainable and efficient use of water. The updated tendering process was launched in May 2022, with an expected award in September 2022;

(e) **Site technical inspection.** A tendering process was launched for on-site technical inspection services, for an independent firm to perform construction administration, inspection and validation of executed works, certifying them as per the project's scope and schedule. This process is expected to be finalized with an award in December 2022;

(f) **Additional swing space amenities.** As part of the swing space strategy, the ECLAC Information and Communications Technology Section updated requirements for the videoconference control unit, which is currently located in the North Building. A storage area of 100 m², located in the basement of the main building, was temporarily adapted as a restricted access work area to house 19 information technology staff of the videoconferencing network operations centre. The project was developed by the project management team and the contract for the refurbishment of this area was awarded in August.

D. Local knowledge, lessons learned and locally sourced materials

31. The competitive dialogue to be implemented in the multistage request for proposals tendering process will allow participating companies to submit value engineering interim proposals, where alternatives considering locally sourced materials and the empowerment of local industry will be favourably received and technically evaluated by the lead consulting firm and the project management team.

E. Consultancy services

32. The architectural and engineering team was informed of the cancellation of the bid tendering exercise for the general construction contract. The lead consulting firm has committed to participate in the multistage request for proposals process to clarify and adapt technical documents according to the results of the competitive dialogue with the proponents. Also, the lead consulting firm will advise the project management team on the analysis of the proposals and questions submitted related to technical definitions of the architectural and engineering documents.

33. The contract of the lead consulting firm includes construction administration services during the construction phase. The services of the lead consulting firm during construction are coordinated with the schedule of the main contractor.

34. As additional support, the project management team has temporarily hired a consultant, an expert with extensive experience in the local construction tendering processes. The consultant has assessed, based on United Nations regulations, the scope of work and the administrative and financial conditions, possible questions that might deter companies from submitting proposals. The results of this assessment have been reviewed jointly by the project management team and the ECLAC Procurement Unit and will be included in the multistage request for proposals process.

F. Planning and design activities

35. During the reporting period the planning and design activities described below took place.

36. In a collaborative manner between the lead consulting firm and the project management team, a list of construction items subject to value engineering for compliant alternatives was defined and included within the scope, to be discussed with bidders during the competitive dialogue of the multistage request for proposals process.

37. Documentation such as administrative bases, summarized technical specifications and schedule of events were developed as part of the expression of interest documentation to facilitate evaluation criteria and basic information required at an early stage by vendors to consider evaluating the project and submit a proposal.

38. Other elements as described in the previous progress report ([A/76/323](#), paras. 31–34) remain valid, including: measures to mitigate seismic and pandemic risks, energy efficiency specifications, the integration of the architecture and engineering designs informed by building information modelling, the execution of logistics and on-site safety and security plans, and the development of a reuse and recovery plan to minimize the environmental impact of waste. These elements have been included as part of the technical scope of the project for the new multistage request for proposals process.

Seismic mitigation

39. The structural engineering design, as noted in the previous progress report, includes structural reinforcement, insulation, and dissipation technologies, which are fully compliant with current national regulations, namely Chilean Standard 433 and Supreme Decree No. 61 of 2011.

Workspace design criteria

40. As noted in previous progress reports ([A/75/347](#) and [A/76/323](#)), a workplace strategy was developed considering several criteria: (a) extensive analysis of organizational space requirements; (b) current workplace usage patterns from previous experience and from a flexible workspace approach; and (c) the space utilization study findings on workspace efficiency at ECLAC, which was carried out by an external consultant in 2017 and described in the Secretary-General's report on the proposal for the project ([A/73/351](#)). The North Building workspace strategy is characterized by a modern, flexible and overall adaptable layout that will fit and evolve according to the Commission's requirements.

41. Indoor air quality monitoring, the implementation of COVID-19 protocols, complemented with additional mechanical systems to reinforce air renewal, as well as design considerations of dynamic layouts that allow for the rapid restructuring of

workspaces and changes in density without the need for infrastructure modifications, have also been incorporated.

Safety and security

42. Safety measures for emergency evacuation routes compliant with the National Fire Protection Association and the International Building Code safety codes, as well as fire detection and security systems, have been developed by the lead consulting firm and reviewed and validated by the Safety and Security Section at ECLAC, ensuring its integration to existing security systems in the compound. They were also included in the technical documents for the multistage request for proposals.

G. Disability inclusion and physical accessibility

43. The final project design addresses one of the project's objectives, namely, the implementation of a comprehensive inclusion strategy for people with disabilities. Consideration has been given in the final design to Secretary-General's bulletin [ST/SGB/2014/3](#) on employment and accessibility for staff members with disabilities in the United Nations Secretariat, as well as the International Building Code and the Uniform Building Code.

44. CEPALDIS, the ECLAC working group dealing with the ECLAC disability inclusion strategy, has provided input on the most suitable solutions to achieve an inclusive and accessible building.

H. Sustainability and energy efficiency

Photovoltaic plant

45. As noted above in section C on procurement activities, the successful firm for the bidding for solar panels considered solar panels that were able to produce a higher capacity for power generation, exceeding the minimum requirement of 267.3 kWp (kilowatt peak), obtaining an annual production capacity of 330.4 kWp, resulting in an annual energy production of 475,888 kWh. Therefore, the photovoltaic plant represents an increase of 19 per cent from the initial estimated annual energy production of 398,700 kWh as reported in the previous progress report.

46. The energy efficiency strategy has been updated as follows:

(a) 226,797 kWh, equivalent to 48 per cent of the estimated total annual energy production, will be used directly to power the equivalent operations of the North Building, this being equivalent to the required hours of operation of the building;

(b) 232,284 kWh, equivalent to 49 per cent of the total energy produced, will be injected into the ECLAC internal electrical grid, meeting in part the energy supply requirements of other facilities in the ECLAC compound;

(c) 16,507 kWh, equivalent to 3 per cent of the total energy produced (mostly on weekends, non-working hours, and holidays), will be sent into the national power grid by means of a bi-directional meter.

Wastewater treatment plant

47. In view of the extended drought affecting the central region of Chile, a general water management plan for the ECLAC compound has been developed to provide a holistic solution to the current situation. The North Building wastewater treatment plant, its projected treatment capacity, and related hydric efficiency measures of the

project, as described in the previous progress report, have been duly integrated into this holistic plan, ensuring that technical requirements and operational parameters were in line with other initiatives to be implemented as part of this general plan. All technical documents were updated and included in the current ongoing procurement process expected to be completed by September 2022.

I. Status of construction efforts

48. The temporary building, which will have the capacity for 40 staff members, taking into account COVID-19 physical distancing measures, as included in the temporary swing space strategy, has been completed as planned in the compound's south parking area.

49. Temporary locations within existing buildings, which are also included in the temporary swing space strategy, have been prepared as programmed, without affecting their current use, to receive the rest of the North Building staff before construction works begin.

50. The Video Conference Control Unit will be given a 100 m² storage area located in the first basement of the main building, which will be refurbished, including electrical work, information technology network, drywalls, lighting systems, heating, ventilation and air conditioning, and finishes. Completion of the construction works is expected by the fourth quarter of 2022.

51. General moving arrangements are scheduled to be conducted during the three months prior to the beginning of construction.

J. Project schedule updates

52. The contract award for the retendering of the general construction contract through a multistage request for proposals process with a competitive dialogue is expected by April 2023. The updated schedule reflects an 18-month period for the construction works, with expected completion in October 2024 and final commissioning in December 2024, representing a 12-month shift compared with the original schedule.

53. To mitigate further delays, the closeout stage will commence during the construction works according to the construction schedule of the lead consulting firm. The closeout schedule is to be updated when the awarded contractor's schedule is confirmed.

54. The second phase of furniture purchase for the main renovation works and minor implementation items, such as blinds and videoconference equipment, is scheduled to be completed during 2023 with no repercussions for the overall schedule.

55. Figure III provides an updated project schedule indicating activities and adjustments relating to current and future project deliverables.

Figure III
Updated project schedule as at 1 July 2022

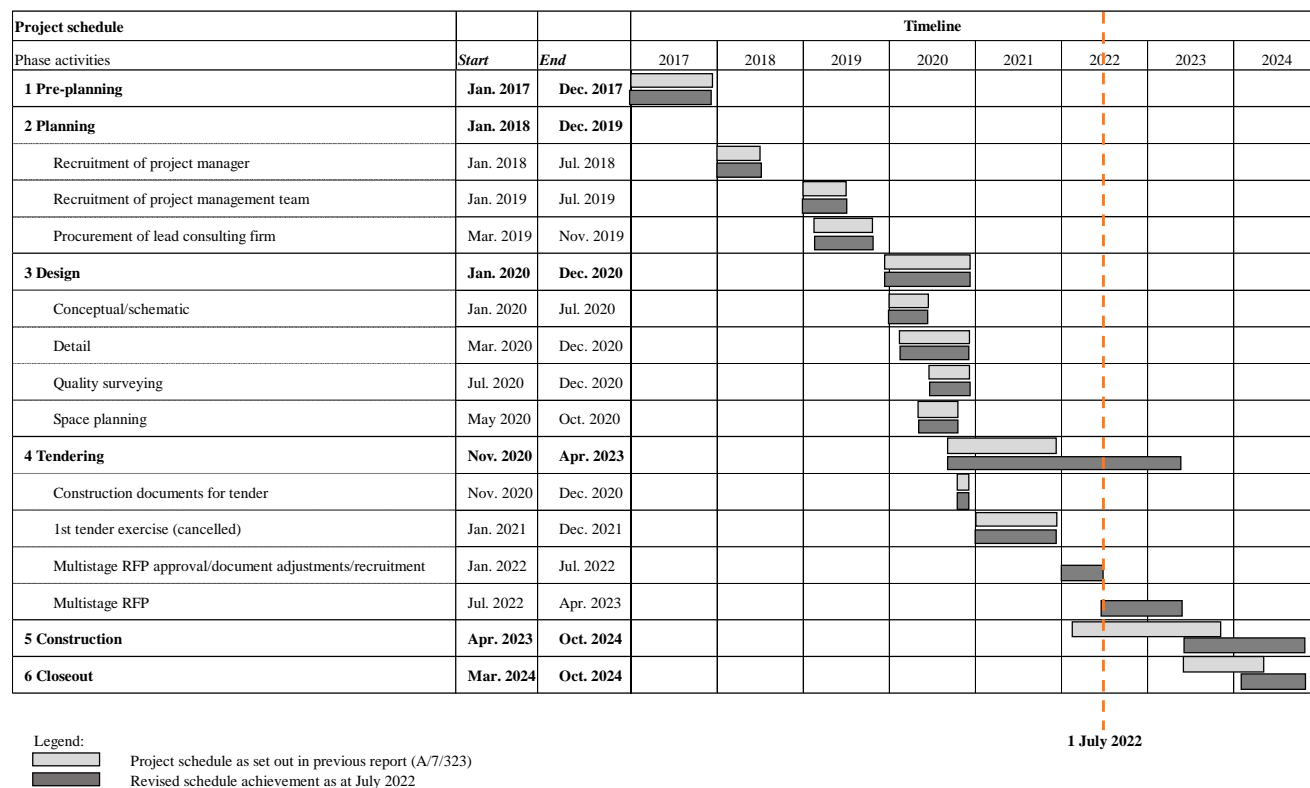


Table 3
Updated schedule in tabular format, as compared with the schedule in the previous report

Phase/subphase	In current report		In previous report (A/76/323)		Change	Reasons
	Start	End	Start	End		
1. Preplanning	01/17	12/17	01/17	12/17	No change	–
2. Planning	01/18	12/19	01/18	12/19	No change	–
(i) Recruitment of Project Manager	01/18	07/18	01/18	07/18	No change	–
(ii) Recruitment of project management team	01/19	07/19	01/19	07/19	No change	–
(ii) Procurement of lead consulting firm	03/19	11/19	03/19	11/19	No change	–
3. Design	01/20	12/20	01/20	12/20	No change	–
(i) Conceptual/schematic	01/20	07/20	01/20	07/20	No change	–
(ii) Detail	03/20	12/20	03/20	12/20	No change	–
(iii) Quantity surveying	07/20	12/20	01/17	12/18	No change	–

Phase/subphase	In current report		In previous report (A/76/323)		Change	Reasons
	Start	End	Start	End		
(iv) Space planning	05/20	10/20	05/20	10/20	No change	–
4. Tendering	11/20	04/23	11/20	12/21	Extended by 14 months	Multistage request for proposal rebidding
(i) Construction document for tender	11/20	12/20	11/20	03/20	No change	–
(ii) First tender exercise (cancelled)	01/21	12/21	01/21	12/21	No change	–
(iii) Multistage request for proposal approval/ document adjustments/ recruitment	01/22	06/22	–	–	–	–
(iv) Multistage request for proposal	06/22	04/23	–	–	–	–
5. Construction	04/23	10/24	03/22	09/23	Delay of 12 months to start date; 12 months change to end date.	New construction commencement date according to the multistage request for proposal schedule. ^a
6. Closeout	02/24	10/24	06/23	03/24	Delay of 8 months to start date; and delay of 8 months to end date.	New closeout commencement date according to the estimated construction schedule. ^a

^a Final dates to be confirmed following the award of the contract.

56. Measures to mitigate possible further delays include:

(a) Advance purchase of heating, ventilation and air conditioning units, photovoltaic plant, water treatment plant and furniture, which are being stored in the ECLAC compound until they are installed on or in the North Building;

(b) Detailed planning for the multistage request for proposals was performed in advance by the ECLAC Procurement Unit and the project management team, during the approval process, to accelerate the launch of the process with the onboarding of the associated new Procurement Officer (P-3);

(c) Lessons learned from the previous tendering process (A/76/373, paras. 21–25) related to technical, financial, and administrative conditions were reviewed and

incorporated in the multistage process to mitigate additional delays related to questions and answers during the tendering process;

(d) The project management team, in coordination with the general contractor, once the contract is awarded, will review and monitor the final construction schedule to ensure an efficient construction planning and reducing estimated construction timeline.

VI. Project expenditure and anticipated costs

A. Status of expenditures and projected expenditures up to the end of 2022

57. In its resolutions 72/262 A, 73/279 A, 74/263, 75/253 A, and 76/246 A the General Assembly appropriated a total amount of \$8,398,900 for the project for the period 2018–2022, including \$1,187,300 under section 21, Economic and social development in Latin America and the Caribbean, and \$7,211,600 under section 33, Construction, alteration, improvement and major maintenance.

58. The status of expenditures as at 30 June 2022 and projected expenditures for the remainder of 2022 are provided in table 4. It is projected that a cumulative unused balance of \$5,766,200 will remain at the end of 2022.

59. Variances between the appropriation and the total projected expenditures for the period 2018–2022 result from: (a) lower salary costs due to a favourable exchange rate of the Chilean peso against the dollar as well as the vacancy of the Project Coordinator (P-3) position in the Global Asset Management Policy Service at Headquarters; (b) lower than projected expenditures in risk management and travel costs; (c) lower than expected use of the contingency provision; (d) favourable exchange rate variations between the Chilean peso and the United States dollar; (e) project delays as reflected in the updated project schedule; and (f) the cost of the temporary position of Procurement Officer (P-3) for 6 months in 2022.

Table 4
Status of expenditure as at 30 June 2022 and projection for the remainder of 2022

(Thousands of United States dollars)

	<i>Appropriation for the period 2018–2022</i>	<i>Cumulative expenditure as at 30 June 2022</i>	<i>Projected expenditure from 1 July to 31 December 2022</i>	<i>Total projected expenditure for 2018–2022</i>	<i>Projected unused balance at the end of 2022</i>
	(a)	(b)	(c)	(d)=(b)+(c)	(e)=(a)-(d)
Section 21, Economic and social development in Latin America and the Caribbean					
1. Project management	1 187.3	716.3	189.2	905.5	281.8
Subtotal, section 21	1 187.3	716.3	189.2	905.5	281.8
Section 33, Construction, alteration, improvement and major maintenance					
2. Construction costs	5 175.7	435.8	536.0	971.8	4 203.9
3. Professional services	825.1	396.8	358.6	755.4	69.7
4. Escalation	661.5	—	—	—	661.5
5. Contingency	549.3	—	—	—	549.3
Subtotal, section 33	7 211.6	832.6	894.6	1 727.2	5 484.4
Total	8 398.9	1 548.9	1 083.8	2 632.7	5 766.2

B. Resource requirements for 2023

60. The resource requirements for 2023 are shown in table 5 below. The total projected expenditure for 2023 amounts to \$6,406,600, comprising:

(a) An amount of \$306,600 under section 21, Economic and social development in Latin America and the Caribbean, which would provide for the continuation of the project management team (1 National Professional Officer and 2 Local level positions) and the continuation of the temporary position of Procurement Officer (P-3) for four months (January to April 2023). In addition, resources would provide for 25 per cent of the cost of one P-3 Project Coordinator at Headquarters for eight months (May to December 2023), shared with the project to replace blocks A–J at the United Nations Office in Nairobi;

(b) An amount of \$6,100,000 under section 33, Construction, alteration, improvement and major maintenance, for professional services, including related to procurement, as well as resources for construction, construction supervision, the independent risk management firm, travel costs, escalation costs and the provision of contingency. Pending completion of the tendering process for the general construction contract, the estimated overall construction costs have been maintained at the previously estimated level. However, following finalization of the tendering process, more accurate estimates will be presented in the next progress report.

Table 5
Resource requirements in 2023

(Thousands of United States dollars)

	<i>Projected expenditure in 2023</i>	<i>Projected unused balance at the end of 2022</i>	<i>Net funding requirement in 2023</i>
	<i>(a)</i>	<i>(b)</i>	<i>(c)=(a)-(b)</i>
Section 21, Economic and social development in Latin America and the Caribbean			
1. Project management	306.6	281.8	24.8
Subtotal, section 21	306.6	281.8	24.8
Section 33, Construction, alteration, improvement and major maintenance			
2. Construction costs	4 389.4	4 203.9	185.5
3. Professional services	195.0	69.7	125.3
4. Escalation	900.3	661.5	238.8
5. Contingency	615.3	549.3	66.0
Subtotal, section 33	6 100.0	5 484.5	615.6
Total	6 406.6	5 766.2	640.4

61. Since, in its resolution [73/279 A](#), the General Assembly approved the establishment of a multi-year construction-in-progress account for the project, the anticipated unused balance of \$5,766,200 at the end of 2022 will be carried forward and offset part of the resource requirement of \$6,406,600 for 2023. Consequently, the net resource requirements to be appropriated for 2023 amount to \$640,400, comprising: (a) \$24,800 under section 21, Economic and social development in Latin America and the Caribbean, and (b) \$615,600 under section 33, Construction, alteration, improvement and major maintenance, of the proposed programme budget for 2023.

VII. Next steps

62. The actions to be taken during the forthcoming reporting period are as follows:

- (a) Maintain coordination meetings with the stakeholders committee to advance the project in accordance with the updated schedule;
- (b) Conduct regular tracking and updating of the risk register to mitigate risks, escalating them as needed and tracking through to final sign-off;
- (c) Coordinate and perform moving arrangements into temporary swing space within existing premises to be used during the construction phase, in accordance with the updated schedule;
- (d) Complete procurement processes for the heating, ventilation and air conditioning equipment, photovoltaic components, furniture, wastewater treatment plant, additional swing space habilitation and site technical inspection in accordance with the updated schedule;
- (e) Completion of the multistage request for proposals process and award of the contract for general construction services to commence construction works in April 2023.

VIII. Recommended actions to be taken by the General Assembly

63. The General Assembly is requested:

- (a) To take note of the present report of the Secretary-General;
- (b) To approve the continuation of the temporary position of Procurement Officer (P-3) for the period from January to April 2023;
- (c) To appropriate an amount of \$640,400 for the project in 2023, comprising \$24,800 under section 21, Economic and social development in Latin America and the Caribbean, and \$615,600 under section 33, Construction, alteration, improvement and major maintenance, of the proposed programme budget for 2023, which would represent a charge against the contingency fund.

Annex I

Revised cost plan

(Thousands of United States dollars)

	2018 ^a	2019 ^a	2020 ^a	2021 ^a	2022 ^b	2023	2024	Total	Reported in A/76/323	Change
Section 21, Economic and social development in Latin America and the Caribbean										
1. Project management	—	—	—	—	—	—	—	—	—	—
1.1 Dedicated project management team	40.0	154.9	196.6	213.2	300.8	274.9	223.2	1 403.6	1 556.1	(152.5) ^c
1.2 Project Coordinator at Headquarters (25 per cent of costs, cost shared with the United Nations Office at Nairobi)	—	—	—	—	—	31.7	47.5	79.2	134.8	(55.6) ^d
Subtotal, section 21	40.0	154.9	196.6	213.2	300.8	306.6	270.7	1 482.8	1 690.9	(208.1)
Section 33, Construction, alteration, improvement and major maintenance										
2. Construction costs	—	—	—	—	—	—	—	—	—	—
2.1 Building costs	—	10.4	5.3	4.4	536.4	4 135.3	3 396.2	8 088.0	8 088.0	—
2.2 Swing space costs	—	—	—	78.3	337.0	—	—	415.3	350.0	65.3 ^e
2.3 Physical security system	—	—	—	—	—	254.1	207.9	462.0	462.0	—
3. Professional services	—	—	—	—	—	—	—	—	—	—
3.1 Consultancy	—	6.1	130.3	142.5	353.3	106.7	175.2	914.1	706.0	208.1 ^f
3.2 Risk management	36.4	16.5	14.5	14.5	14.5	50.0	53.6	200.0	200.0	—
3.3 Travel costs	—	6.7	—	—	20.0	38.3	20.0	85.0	85.0	—
4. Escalation	—	—	—	—	—	900.3	756.7	1 657.0	1 657.0	—
5. Contingency	—	—	—	—	—	615.3	410.7	1 026.0	1 091.3	(65.3) ^g
Subtotal, section 33	36.4	39.7	150.1	239.7	1 261.2	6 100.0	5 020.3	12 847.4	12 639.3	—
Total	76.4	194.6	346.7	452.9	1 562.0	6 406.6	5 291.0	14 330.2	14 330.2	—

^a Reflects actual expenditure.^b Reflects actual expenditure as at 30 June 2022 and projections for the period from 1 July to 31 December 2022.^c Variance mainly due to local currency exchange rates.^d Variance due to the unencumbered position of Project Coordinator (P-3) at United Nations Headquarters.^e Additional swing space costs owing to an increase in the cost of construction materials and labour, which led the implementation of the temporary building to be \$65,300 above estimations.^f Additional resources under consultancy services would provide for a probity monitor, as indicated in para. 29 (a), as well as for site technical inspection as indicated in para. 30 (e).^g Decrease in the contingency balance as explained in footnote e.

Annex II

A. Monthly project expenditure as at 30 June 2022

(Thousands of United States dollars)

		<i>Jan</i>	<i>Feb</i>	<i>Mar</i>	<i>Apr</i>	<i>May</i>	<i>Jun</i>	<i>Jul</i>	<i>Aug</i>	<i>Sep</i>	<i>Oct</i>	<i>Nov</i>	<i>Dec</i>	<i>Category total</i>	<i>Annual total</i>	<i>Total expenditure 2018 to June 2022</i>
2018	Construction costs (section 33)	—	—	—	—	—	—	—	—	—	—	—	—	—		
	Professional services (section 33)	—	—	—	—	—	—	—	—	—	—	—	36.4	36.4	76.4	
	Project management (section 21)	—	—	—	—	—	—	—	—	10.3	10.2	9.8	9.7	40.0		
2019	Construction costs (section 33)	—	—	—	—	—	—	—	—	—	—	—	10.4	10.4		
	Professional services (section 33)	—	3.6	1.2	3.5	(0.4)	—	—	—	—	—	—	21.5	29.4	194.7	
	Project management (section 21)	—	—	—	—	19.7	9.5	9.9	9.6	21.5	15.5	14.4	54.8	154.9		
2020	Construction costs (section 33)	—	—	—	1.8	—	—	0.1	3.4	—	—	—	—	5.3		
	Professional services (section 33)	—	—	28.8	20.6	7.2	4.9	47.7	—	31.9	3.7	—	—	144.8	346.7	1 548.9
	Project management (section 21)	17.5	15.7	16.1	14.9	15.1	15.5	15.8	17.0	16.6	16.6	17.0	18.8	196.6		
2021	Construction costs (section 33)	—	—	—	—	—	—	—	1.1	—	—	3.3	78.3	82.7		
	Professional services (section 33)	10.5	43.8	1.1	20.3	1.1	0.0	37.9	7.2	—	19.4	3.9	11.8	157.0	452.9	
	Project management (section 21)	17.3	15.5	20.1	18.4	19.0	18.3	18.3	12.7	19.7	17.0	17.1	19.8	213.2		
2022	Construction costs (section 33)	—	140.9	3.8	125.2	64.6	2.9	—	—	—	—	—	—	337.4		
	Professional services (section 33)	0.9	—	8.0	—	2.9	17.4	—	—	—	—	—	—	29.2	478.2	
	Project management (section 21)	18.4	19.0	19.0	18.9	17.8	18.5	—	—	—	—	—	—	111.6		

B. Total project expenditure by category as at 30 June 2022

<i>Category</i>	<i>Expenditure (thousands of United States dollars)</i>
Construction costs (section 33)	435.8
Professional services (section 33)	396.8
Project management (section 21)	716.3
Total	1 548.9

Annex III

Use of the contingency provision (spent and earmarked)

	<i>A/72/367</i>	<i>A/73/351</i>	<i>A/74/330</i>	<i>A/75/347</i>	<i>A/76/323</i>	<i>Current report</i>	<i>Total</i>
Approved contingency provision							1 091.3
Drawdowns							
Additional expenditures on the implementation of the temporary building (swing space)						(65.3)	(65.3)
Contingency available balance							1 026.0