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Proposed programme budget for 2023

Seismic mitigation retrofit and life-cycle replacements project at the Economic and Social Commission for Asia and the Pacific premises in Bangkok

Thirteenth report of the Advisory Committee on Administrative and Budgetary Questions on the proposed programme budget for 2023

I. Introduction

1 The Advisory Committee on Administrative and Budgetary Questions has considered the report of the Secretary-General on the seismic mitigation retrofit and life-cycle replacements project at the premises of the Economic and Social Commission for Asia and the Pacific (ESCAP) in Bangkok ([A/77/330](#)). During its consideration of the report, the Committee met representatives of the Secretary-General, who provided additional information and clarification, concluding with written responses dated 28 October 2022.

2. The sixth progress report of the Secretary-General on the seismic mitigation retrofit and life-cycle replacements project is submitted pursuant to section VII of General Assembly resolution [76/246](#) A and provides information on the progress made since the previous report of the Secretary-General on the subject.

II. Progress on the implementation of the project

Cooperation with member States and the host Government

3. The Secretary-General indicates that ESCAP continues to regularly provide project updates and solicit voluntary contributions from member States through the Advisory Committee of the Permanent Representatives and Other Representatives Designated by Members of the Commission and engages member States in bilateral meetings to seek support through voluntary contributions and in-kind contributions of technical experts to support the project. ESCAP continues to also engage closely with the Ministry of Foreign Affairs of Thailand to seek assistance and support for the project (*ibid.*, paras. 25–31). **The Advisory Committee expresses its gratitude**



to the host country for its continued support to ESCAP and trusts that the Secretary-General will continue to engage with the host country and other member States to ensure the timely completion of the project.

Status of voluntary contributions

4. The Secretary-General indicates that ESCAP has continued to solicit voluntary contributions from member States. In 2021, ESCAP received a United Nations Volunteer graduate student in civil engineering for six months, through a partnership between the United Nations Volunteers programme in Thailand and King Mongkut's University of Technology Thonburi. ESCAP is also exploring ways to leverage existing partnerships and pursue new ones. While several member States indicated initial interest and responded with requests for additional information, no other concrete offers of voluntary contributions were received (*ibid.*, paras. 32–33). The Advisory Committee was informed, upon enquiry, that the Executive Secretary of ESCAP had sought, through the issuance of a note verbale, voluntary contributions from 53 permanent and 9 associate States members of ESCAP. The Committee was also informed that voluntary contributions would be included in the agenda of the stakeholders committee (see para. 7 below). **The Advisory Committee encourages the Secretary-General to continue his efforts to mobilize both voluntary and in-kind contributions and trusts that further information on the support and guidance received from the stakeholders committee will be included in the next progress report.**

Project staffing

5. Information on project staffing is provided in the report of the Secretary-General (A/77/330, paras. 13–14). Of the 13 initially approved temporary positions of the project team, 6 are encumbered, 2 are under recruitment, 3 expired and have not been extended and 2 will remain vacant in order to contain the project management costs (*ibid.*, and table 1).

6. Upon enquiry, the Advisory Committee was informed that the two vacant positions would expire at the end of 2022 and their funding would be utilized to cover two other positions that would continue to support the project until December 2023. Table 1 provides information on the project management positions since the project's inception in 2017.

Table 1
Project positions: incumbency from project inception

<i>Position</i>	<i>2017</i>	<i>2018</i>	<i>2019</i>	<i>2020</i>	<i>2021</i>	<i>2022</i>	<i>2023 planned</i>
Project Manager (P-5)	Encumbered	Encumbered	Encumbered	Encumbered	Encumbered	Encumbered	Encumbered
Project Engineer (P-4)	Encumbered	Encumbered	Encumbered	Encumbered	Encumbered	Encumbered	Encumbered
Civil/Structural Engineer (P-3)	Encumbered	Encumbered	Encumbered	Encumbered	–	–	–

<i>Position</i>	<i>2017</i>	<i>2018</i>	<i>2019</i>	<i>2020</i>	<i>2021</i>	<i>2022</i>	<i>2023 planned</i>
Building Mechanical, Electrical and Plumbing Service Engineer (NPO)	–	–	Encumbered	Encumbered	Encumbered	Vacant since March; no recruitment is planned	–
Logistics Coordination Officer (NPO)	–	–	Encumbered	Encumbered	Encumbered	Encumbered	Encumbered
Safety Project Officer (LL)	–	–	Vacant	Vacant	Vacant	Under recruitment	Encumbered
Administrative and Finance Assistant (LL)	Encumbered	Encumbered	Encumbered up to November	Vacant	Vacant	Encumbered since February	Encumbered
On-site security staff – swing space (LL)	–	–	–	–	Encumbered	Encumbered	Encumbered
On-site security staff – swing space (LL)	–	–	–	–	–	–	–
On-site IT support staff – swing space (LL)	–	–	Encumbered	Encumbered	Encumbered	Vacant since June; under recruitment	Encumbered
On-site IT support staff – swing space (LL)	–	–	–	–	–	–	–
Project Coordinator (P-4), located at United Nations Headquarters	Encumbered; equal cost-sharing between ESCAP and ECA	Encumbered; equal cost-sharing between ESCAP and ECA	Encumbered; equal cost-sharing between ESCAP and ECA	Encumbered; equal cost-sharing between ESCAP and ECA	Encumbered; no cost was borne by ESCAP ^a	Encumbered; no cost was borne by ESCAP ^a	Encumbered; equal cost-sharing between ESCAP and ECA
Procurement Officer (P-3)	Encumbered	Encumbered	Encumbered	Encumbered	Encumbered	–	–

Abbreviations: ECA, Economic Commission for Africa; ESCAP, Economic and Social Commission for Asia and the Pacific; IT, information technology; LL, Local level; NPO, National Professional Officer.

^a The Project Coordinator (P-4) at Headquarters was cost-shared equally between the Africa Hall at the Economic Commission for Africa and the Economic and Social Commission for Asia and the Pacific seismic mitigation project from 2017 to 2020. During 2021 and 2022, the position was cost-shared equally between the Africa Hall and the United Nations at Nairobi blocks A–J project on the basis of an overall consideration of the requirement and progression of the related construction projects. For 2023, the P position will revert to being cost-shared equally between the Africa Hall and the seismic mitigation project. The cost plans of the related projects have been updated accordingly. The position has been encumbered since 2017 and provides important support to ongoing construction projects.

Project accountability

7. The Secretary-General indicates in his report that the sixth annual audit of the project for the period from March 2021 to February 2022 was conducted in March and April 2022 by the Office of Internal Oversight Services. The audit covered project management, procurement activities, and project governance and oversight mechanisms. The report contained five recommendations that were accepted by ESCAP. Upon enquiry, the Advisory Committee was provided with action that ESCAP had initiated to implement the Office's recommendations, including efforts to offset known increases in staff costs, preparations for a lessons learned report regarding multi-stage procurement and the inclusion of information on risk management and a request for support and guidance on voluntary contributions in the agenda of the stakeholder committee. **The Advisory Committee notes the measures taken by the Secretary-General to implement the recommendations of the auditors and trusts that more information will be provided in the next progress report.**

Risk management

8. The Secretary-General indicates that the most recent Monte Carlo analysis was prepared in June 2022, and it determined that the level of confidence for the project to be completed within the approved budget, without further mitigation action, had increased to approximately 35 per cent, from 27 per cent in 2021 and 20 per cent in 2020. This level of confidence is expected to rise with continued risk mitigation measures as the project progresses, notwithstanding the uncertainty around high-value infrastructure systems, owner-directed changes and unforeseen conditions (*ibid.*, paras. 18–20, and figure I). **While acknowledging the increase in the confidence level, the Advisory Committee notes that the level of confidence remains low, even as the project is progressing towards completion. The Committee recommends that the General Assembly request the Secretary-General to continuously monitor the project risks to ensure the delivery of the project within the scope, budget, and timeline approved by the General Assembly.**

9. The Secretary-General indicates that the project risk register is updated regularly and is fully coordinated with the Monte Carlo analysis process. There are currently 19 active risks and 2 opportunities being managed (*ibid.*, para. 22). A comparison of the top five risks identified in the most recent cost sensitivity analysis are summarized in table 2.

Table 2
Comparison of top five project risks

<i>Previous top five risks (A/75/235, para. 31)</i>	<i>Previous top five risks (A/76/313, para. 27)</i>	<i>Current top five risks (A/77/330, para. 24)</i>
1. Currency exchange risk	1. Owner-directed changes: late design requirements and/or optional scope additions	1. Mechanical, electrical and plumbing
2. Exterior: marble cladding/exterior façade and glazing	2. Schedule delay in construction start owing to COVID-19	2. Owner-directed changes: late design requirements and/or optional scope additions

Previous top five risks (A/75/235, para. 31) *Previous top five risks (A/76/313, para. 27)* *Current top five risks (A/77/330, para. 24)*

3. Owner-directed changes: late design requirements and/or optional scope additions	3. Currency exchange risk	3. Exterior: marble cladding/exterior façade
4. Mechanical, electrical and plumbing	4. Mechanical, electrical and plumbing	4. Building costs: preliminaries
5. Schedule delays in construction start owing to COVID-19	5. Project management	5. Future potential variations

10. Upon enquiry, the Advisory Committee was informed that currency exchange risk was not in the top five risks during the reporting period owing to the appreciation of the United States dollar against the Thai baht in the second quarter of 2022 when the Monte Carlo risk analysis was conducted. It, however, remains a risk recorded in the project risk registry and will continue to be monitored and mitigated throughout the life of the project.

11. With regard to the owner-directed changes, upon enquiry the Advisory Committee was informed that the changes might originate from the project owner or stakeholders such as the 11 ESCAP divisions and approximately 30 agencies, funds and programmes renting space at ESCAP that also have operational requirements. The Committee was also informed, upon enquiry, that costs arising from future potential variation risks could be absorbed by the project or the general contractor, depending on the nature of the variation and the party responsible. In addition, the project team manages the project budget closely to reduce potential cost escalations and to ensure that the contingency fund remains available to cover such potential future variations. **The Advisory Committee recommends that the General Assembly request the Secretary-General to continue to actively manage the owner-directed changes and reiterates that any additional project costs resulting from late-stage changes initiated by tenants, which may result in potential claims, should be borne by the respective tenant, not by ESCAP. The Committee reiterates its recommendation that the General Assembly request the Secretary-General to report on the formalized modalities, including financial reporting, with respect to late-stage changes made by tenants in the next progress reports (see also A/76/7/Add.8, para. 18).**

Procurement

12. The Secretary-General indicates that ESCAP concluded the solicitation activities for key project contracts, including the contract for the general construction works signed on 14 October 2021; the contract for moving and logistic services awarded in August 2021 and to remain active until the end of 2023; the contract for construction administration services awarded in September 2021 to replace phases 5 and 6 services originally covered under the scope of the lead design consultant; the contract for the provision of hazardous material survey and sampling services concluded in March 2022; and the contract for office furniture awarded early in 2022 to three furniture providers, through a joint activity between ESCAP and the Economic Commission for Africa (ECA) (A/77/330, paras. 40–48). **The Advisory Committee notes the conclusion of solicitation activities for all key contracts, including the awarding of the general construction works after a revised multi-staged procurement strategy. The Committee trusts that further information on the lessons learned from the multi-stage procurement process,**

including on its advantages and disadvantages, will be included in the next progress report.

Local materials and knowledge and lessons learned

13. The Secretary-General indicates that ESCAP has continued to leverage opportunities to benefit from local knowledge and lessons learned in project activities. These include retaining the professional services of a licensed hazardous materials expert with knowledge and expertise on the removal and disposal of hazardous materials, receiving local engineering expertise provided by a United Nations Volunteer and continued support from the Bangkok Metropolitan Authority (*ibid.*, paras. 34–35).

14. Upon enquiry, the Advisory Committee was informed that the project team would use Thai Saraburi marble from the local quarries in the Saraburi region in the renovation of the marble cladding/exterior façade. The Committee was also informed that Thai Saraburi marble was a suitable alternative, comparable in appearance and integrity and at a much lower cost than the original Italian Carrara, and that the local sourcing would also avoid the risk of additional costs or delays due to disruptions to international supply chains.

15. The Advisory Committee acknowledges the measures undertaken by the Secretary-General to include local materials and knowledge in the project. The Committee trusts that the lessons learned will be documented and shared so that they can be applied in other construction projects of the United Nations.

Value engineering

16. With regard to the contract for the general construction works, the Secretary-General previously reported that a qualified bidder had been recommended for the awarding of a contract on the basis of the established best-value-for-money principle. In his previous report, the Secretary-General indicated that currency exchange fluctuations had led to an increase of approximately \$2 million over the originally approved project budget presented in paragraph 96 (a) of [A/71/333](#) at an estimated cost of \$40,019,000 ([A/76/313](#), para. 27 (c)). Upon enquiry, the Advisory Committee was informed that, when ESCAP had reissued the second bid for the general construction works, the request for proposal required all bidders to submit proposals with opportunities for value engineering. Once the successful bidder was recommended for a contract and upon the recommendation of the Headquarters Committee on Contracts, ESCAP engaged in contractual negotiations and value engineering exercises with the vendor to lower the contract price to a value within the construction budget, as included in the maximum overall cost of the project approved by the General Assembly. As a result, the final value of the contract was reduced by more than 16 per cent from the original bid value, without compromising the key scope or quality of the project ([A/77/330](#), para. 41). Upon request, the Committee was provided with an itemized list of value engineering elements and related cost savings (see annex to the present report). **The Advisory Committee acknowledges the measures adopted by ESCAP to reduce the project costs through value engineering and encourages the Secretary-General to continue his efforts to pursue efficiencies, where possible, to ensure that the project is completed within the approved budget, scope and time.**

Joint Economic and Social Commission for Asia and the Pacific-Economic Commission for Africa bid for furniture

17. With regard to the contract for office furniture, a solicitation was carried out jointly between ESCAP and ECA in order to meet common furniture requirements at both locations and to leverage economies of scale (A/77/330, para. 48). Upon enquiry, the Advisory Committee was informed that ESCAP and ECA had developed a common set of specifications and technical evaluation criteria and that both entities served on the technical evaluation panel. The Committee was also informed, upon enquiry, that the request for proposal had been issued on 15 November 2019 with the scope grouped in 10 distinct packages, 5 for each location, and that bidders were allowed to submit proposals for all or any of the furniture packages for both or either of the two locations. Upon enquiry, the Committee was further informed that, by the bid closing date and time, 12 bidders had submitted proposals and that, subsequently, 5 contracts had been established in support of ESCAP and ECA. **The Advisory Committee notes the efforts by the Secretary-General to consolidate the office furniture requirements for ESCAP and ECA in a single solicitation exercise to achieve economies of scale and trusts that the lessons learned from this exercise will be documented for possible application in other construction projects of the United Nations.**

Consultancy services

18. The Secretary-General indicates that, in addition to the contract for the main construction works, ESCAP has several consultancy contracts in place to fill gaps in capacity and expertise not available within the project team. These include: (a) construction administration consultants; (b) seismic design consultants; (c) independent risk management consultants; (d) a licensed hazardous materials expert; (e) moving and storage services; and (f) architectural and cost engineering consultants (ibid, paras. 49–59).

19. Upon enquiry, the Advisory Committee was informed that the lead design consultant, based in Spain, had delivered the project design and that, in September 2021, a local firm had been awarded a contract for the provision of construction administration and closeout phases and the on-call provision of design services, effectively replacing the construction administration and project closeout phases initially planned to be provided by the lead design consultant. ESCAP made the determination to have a local firm with a track record of managing and delivering similar construction projects in Thailand and to gain cost efficiencies. The lead design consultant's proposed fee for phase 5 construction administration was a "not to exceed" an amount of 831,480 euros and 194,160 euros for phase 6 closeout activities, while the projected total cost for the local construction administration consultancy firm for both phases 5 and 6 was \$1,146,300. Upon enquiry, the Committee was also informed that lead design consultant staffing would have been gravely insufficient for a project of such magnitude. While the financial cost of the local construction administration consultancy firm initially appeared higher than the "not to exceed" amount of the lead design consultant, the local firm provided sufficient manpower and level of effort and, consequently, better value for money.

20. The Advisory Committee was also informed, upon enquiry, that ESCAP had communicated to the lead design consultant that its services would not be utilized in accordance with the option available to ESCAP under the terms of the contract. Nevertheless, the lead design consultant still holds design liability, and ESCAP is currently in consultations to formalize a related agreement. **The Advisory Committee trusts that all measures will be taken to ensure that the termination of the lead design consultant contract does not bring about litigation and other liabilities to the United Nations.**

Licensed hazardous materials expert

21. In his report, the Secretary-General indicates that ESCAP contracted the services of a licensed hazardous materials removal expert and her team from Mahidol University in Thailand to oversee the removal of asbestos-containing materials in both the Secretariat building within the scope of the seismic mitigation project and also from other locations at the ESCAP premises, in accordance with the outcome of the second hazardous materials survey concluded in 2021 (*ibid.*, para. 55). Upon enquiry, the Advisory Committee was informed that ESCAP had shared the report from the first hazardous materials survey with the general contractor and requested the scope and cost of asbestos removal to be included in the bid proposal. There were no additional costs charged by the general contractor for the removal of the hazardous materials upon receiving the final report.

Planning and design activities*Flexible workplace pilot project*

22. The report of the Secretary-General provides information on the implementation of the flexible workplace pilot project in the newly constructed on-site swing space building. The space provides approximately 100 seats for 328 occupants at a seat-to-occupant ratio of 3:10. The space provides furniture, mobile storage units, personal lockers and support spaces such as meeting rooms (*ibid.*, paras. 62 and 63). Upon enquiry, the Advisory Committee was informed that the low seat-to-occupant ratio was determined on the basis of the actual number of seats available in the swing space for the 321 staff who had to vacate the Secretariat building to facilitate the accelerated construction methodology. The Committee was also informed, upon enquiry, that the 3:10 seat-to-occupant ratio was a temporary measure necessitated by the lack of on-site office space during construction; and that at the time ESCAP was in phase 1 of the coronavirus disease (COVID-19) response, where the daily on-site presence was limited to no more than 20 per cent. The anticipated occupancy ratio is closer to the 8:10 ratio, which is followed by many other Secretariat locations.

Other matters*Accessibility*

23. In his report, the Secretary-General indicates that measures to achieve accessibility will be included in the renovation works in the Secretariat building. Aspects not covered by the scope of the project will be fulfilled under the ESCAP accessibility road map established in compliance with General Assembly resolution [70/170](#) and further to a survey of the ESCAP premises conducted by accessibility specialists in 2017. The project design was guided by the principles of universal accessibility guidelines, with reference to the legislation of Thailand, United Nations best practices and the interior design code of Australia. The accessibility features incorporated in the project include: (a) public areas of the building to be accessible to persons with movement-related disabilities; (b) ergonomic furniture and accessories with considerations for persons with physical disabilities; (c) information and communication technology tools with accessibility features; (d) vertical transportation with wheelchair-accessible controls, and voice and Braille instructions on control panels which have already been delivered outside of the project scope by the ESCAP Facilities Management Unit; and (e) emergency evacuation considerations for persons with physical, visual or hearing disabilities (*ibid.*, para. 69).

Women's participation in the project

24. Upon enquiry, the Advisory Committee was informed that most of the key positions in the project were currently held by women, including the project owner, the project executive and the project manager, in addition to some other staff and consultants. The Committee was further informed upon enquiry that, following the successful partnership with the initial female United Nations Volunteer engineer in 2021, ESCAP would continue to promote the engagement of qualified and deserving female engineers and architects to work on the project, and the ESCAP Procurement Unit continued to make efforts to increase the participation of women-owned businesses and encourage wider female participation among its contractors and consultants. The Committee acknowledged the participation of women in the project, including in leadership positions.

Energy efficiency gains

25. In his report, the Secretary-General indicates that the aim of the project is to reduce energy consumption by 16 to 18 per cent and reduce long-term maintenance costs through (a) a new facade; (b) replacement of existing deteriorated marble cladding on exterior walls, and roofing upgrades; (c) upgrades to the mechanical ventilation system; and (d) new electrical systems. All new systems are integrated into the existing building monitoring system to allow ESCAP to monitor performance and usage to ensure compliance with the ESCAP Environmental Management System. It is projected that energy consumption will be reduced from the 2019 baseline of 3.04 GWh per year to approximately 2.205 GWh per year after project completion. The projected reduction in annual consumption is 0.83 GWh/ per year exceeds the 16 to 18 per cent energy-saving target. The savings are indicated in GWh (1,000,000 kWh) and have not been translated into monetary value (*ibid.*, paras. 70–72). **The Advisory Committee trusts that information on the projected energy reduction, including expected efficiencies in the cost of utilities, will be provided in the context of the next progress report.**

Status of construction efforts

26. In his report, the Secretary-General indicates that ESCAP implemented an accelerated construction methodology with a shorter construction period of 24 to 30 months, with the main works to be completed by December 2023. In his report ([A/71/333](#), para. 51, Option C (c)), it is indicated that the construction phase in Option C approved by the General Assembly was scheduled to comprise four cycles of work each lasting 12 months for four years in total. Upon enquiry, the Advisory Committee was informed that the main contractor has agreed to an accelerated construction schedule of 27 months as follows: 2 months of pre-construction; 24 months of construction; and 1 month for demobilization. Under the construction contract signed in October 2021, the works would be implemented in four phases: phases 1A and 1B, covering block B of the Secretariat Building and partial central core – estimated to be completed in December 2022; and phases 2A and 2B, covering the Block A tower, partial central core and seismic reinforcement works in the Service Building, planned to be completed in December 2023 ([A/77/330](#), paras. 73–83).

Project schedule

27. In his report, the Secretary-General indicates that ESCAP issued a notice to proceed for phases 1A and 1B in November 2021, and construction works commenced in November 2021. As at 31 July 2022, the works in Block B under Phase 1 are 40 per cent complete, and substantial completion of Phase 1 of construction is expected to be achieved in December 2022. Phase 2 works are expected to be completed by

early December 2023. Project closeout is scheduled to begin in December 2023 and extend into early 2024 (*ibid.*, paras. 83 and 84). Upon enquiry, the Advisory Committee was informed that, at present, it was not expected that the project would undergo a delay in the construction schedule. The Committee was also informed that, although the closeout phase of the project would spill over into the first quarter of 2024, it would not incur additional costs to the project as the closeout activities would be mainstreamed into the ESCAP Division of Administration, including the Facilities Management Unit and the Information Technology and Communications and Development Section. The continuation of the project management team beyond 31 December 2023 was not envisaged. **The Advisory Committee trusts that updated information on the project schedule will be provided to the General Assembly at the time of consideration of the present report. The Committee recommends that the Assembly request the Secretary-General to provide further information on the proposed approach of mainstreaming closeout activities into the ESCAP Division of Administration after the expected project completion and to ensure that no additional requirements will arise under section 19 of the proposed programme budget for 2024.**

Rental income

28. In his report, the Secretary-General indicates that the rental rates for 2020–2021 have been maintained for 2022 and 2023, at \$264 per square metre per annum for United Nations agencies, funds and programmes and \$288 per square metre for commercial tenants. The assessment of rental rates for 2024–2025 and beyond, which was completed in September 2021, provided rates in baht equivalent to \$288 and \$300 respectively (*ibid.*, paras. 87–89). Upon enquiry, the Advisory Committee was informed that the 2024 to 2025 rates will be re-evaluated in October 2022 to take into consideration the effects of factors such as COVID-19 and perceived demand for office space in 2024 based on current market rates. The projected 1,800 square metres from the 20 per cent space efficiency gains in the Secretariat building had firm commitments from agencies for rental once available and would provide additional rental income amounting to \$540,000 per annum, based on the rate of \$288 per square metre.

III. Project expenditures and anticipated costs

Status of expenditure and projected expenditure up to the end of 2022

29. The General Assembly appropriated a total amount of \$29,116,600 for the project for the period 2017–2022. The cumulative expenditure as at 31 July 2022 was \$17,611,400, and the projected expenditure for the remainder of 2022 amounts to \$7,713,500. As at 31 July 2022, a balance of \$3,791,700 is projected to remain unused at the end of 2022, which is attributed to delays in starting the main construction works, partially resulting from the COVID-19 pandemic (*ibid.*, paras. 90 and 91, and table 5). Upon enquiry, the Advisory Committee was provided with the updated status of expenditure as at 30 September 2022 in table 3.

Table 3
Status of expenditures as at 30 September 2022 and projected expenditure for the period October to December 2022

(Thousands of United States dollars)

	<i>Appropriated project funding for the period 2017–2022</i>	<i>Cumulative expenditure as at 30 September 2022</i>	<i>Projected expenditure from 1 October to 31 December 2022</i>	<i>Total projected expenditure for 2017–2022</i>	<i>Projected unused balance at the end of 2022</i>
	(a)	(b)	(c)	(d)=(b)+(c)	(e)=(a)-(d)
Section 33, Construction, alteration, improvement and major maintenance					
1. Construction costs	16 638.4	15 405.1	526.3	15 931.4	707.0
2. Professional services (consultancies)	3 920.8	3 505.9	239.6	3 745.5	175.3
3. Escalation	2 219.8	–	871.6	871.6	1 348.2
4. Contingency	1 219.6	–	–	–	1 219.6
Subtotal, section 33	23 998.6	18 911.0	1 637.5	20 548.5	3 450.1
Section 19, Economic and social development for Asia and the Pacific					
5. Project management	5 118.0	4 577.2	199.2	4 776.4	341.6
Subtotal, section 19	5 118.0	4 577.2	199.2	4 776.4	341.6
Total	29 116.6	23 488.2	1 836.8	25 324.9	3 791.7

30. Upon enquiry, the Advisory Committee was informed that the unspent balance did not imply a delay in the project and that, although it had been projected that the construction contract would be signed in the third quarter of 2021 (see [A/76/313](#), para. 42), the actual contract award had been completed in the fourth quarter of 2021. The Committee was also informed that the projected resource requirements for 2022 had been based on the earlier contract start date and that, in addition, the invoices of the general contractor were slightly delayed in relation to the projected billing, on which the projected expenditures calculations were based. The Committee was further informed that the Secretary-General anticipated a high volume of invoices at the end of 2022 and early in 2023 as work gains momentum, which would consume the unspent balance. **The Advisory Committee trusts that updated information on the project expenditures and unspent balance will be provided to the General Assembly at the time of the consideration of the present report.**

Contingency

31. Regarding the use of the contingency fund, the Secretary-General indicates in the report ([A/77/330](#), annex III) that the current remaining balance in contingency funds is \$1,051,000 (see table 4). Upon enquiry, the Advisory Committee was informed that, while the project was approaching its halfway mark in December 2022, it remained early to predict whether the unused contingency funds would remain at the current balance.

Table 4
Use of the contingency provision (spent and earmarked)

(Thousands of United States dollars)

	<i>A/75/235</i>	<i>A/76/313</i>	<i>Current report</i>	<i>Total</i>
Approved escalation provision	–	–	–	3 889.1
Drawdowns				
Portion of the construction cost	–	(0.1)	(404.8)	(404.9)
Escalation available balance	–	(0.1)	(404.8)	3 484.2
Approved contingency provision	–	–	–	3 194.0
Drawdowns				
1. Project management budget shortfalls	(192.0)	(316.4)	(286.6)	(795.0)
2. Professional services shortfalls	–	(1 170.4)	(80.8)	(1 251.2)
3. Construction cost variations	–	–	(97.2)	(97.2)
Contingency available balance	(192.0)	(1 486.8)	(464.6)	1 051

Escalation

32. Regarding the use of escalation funds, the Advisory Committee was informed upon enquiry that the anticipated escalation to trade costs between 2016, when the project budget was prepared, and the date of construction had been calculated and added to the project budget to cover the inflation in construction costs. These escalation costs form a part of the awarded bid amount and payments to the general contractor. The Committee was also informed that total escalation funds had been utilized for the project for the main construction works during 2021, 2022 and 2023, and that the larger drawdowns in the escalation provision for 2022 and for 2023 were because the largest amounts of costs for construction works would be incurred during this time.

Resource requirements in 2023

33. In his report, the Secretary-General indicates that the total projected expenditure for 2023 amounts to \$14,694,100, comprising: (a) \$898,100 under section 19, Economic and social development in Asia and the Pacific, for the project team positions; and (b) \$13,796,000 under section 33, Construction, alteration, improvement and major maintenance, for the main construction works, including furniture and fixtures, professional services, escalation and contingency. The Secretary-General also indicates that the anticipated unused balance, as at 31 July, of \$3,791,700 at the end of 2022 (see also para. 29 above) will be carried forward to offset part of the resource requirements for 2023. Consequently, the net resource requirement for 2023 amounts to \$10,902,400, comprising: (a) \$556,500 under section 19, and (b) \$10,345,900 under section 33 (*ibid.*, para. 93).

IV. Conclusion

34. The recommendations of the Secretary-General on proposed actions to be taken by the General Assembly are contained in para. 95 of the report. **Subject to its recommendations and observations above, the Advisory Committee recommends that the General Assembly:**

- (a) **Take note of the report;**

(b) **Appropriate an amount of \$10,902,400 for 2023, comprising \$556,500 under section 19, Economic and social development in Asia and the Pacific, and \$10,345,900 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

Value engineering

<i>Accepted value engineering before contract award</i>			<i>Cost savings:</i>	
<i>Construction item/element:</i>	<i>Change</i>	<i>Original cost, baht</i>	<i>Baht</i>	<i>United States dollars</i>
1 Textured paint to façade	Change to alternate brand	20 937 959	(15 350 791)	(472 914)
2 Windows and frames	Change to local brand	69 314 592	(21 072 439)	(649 182)
3 Roof	Change to local brand	6 654 394	(1 078 073)	(33 212)
4 Plasterboard partitions	Change brand	5 909 360	(237 405)	(7 314)
5 Glazed partitions	Change glazing brand	32 968 919	(6 093 119)	(187 712)
6 Wooden doors	Change brand	21 836 539	(5 643 412)	(173 857)
7 Fire-resistant doors	Change brand	8 671 500	(5 456 250)	(168 091)
8 Toilet partitions	Change brand	1 897 860	(569 358)	(17 540)
9 Fire-resistant partition board	Change material requirement	30 042 109	(15 231 076)	(469 226)
10 Ceiling	Change brand and material requirement	34 545 840	(6 580 160)	(202 716)
11 Structural fire protection	Change thickness (in accordance with the manufacturer's technical specifications)	16 892 118	(3 823 319)	(117 786)
12 Fire-resistant duct	Change to local brand	2 484 721	(512 520)	(15 789)
13 Silencers	Change brand	3 884 202	(2 000 000)	(61 614)
14 Air conditioning duct	Change material	28 436 777	(7 231 652)	(222 787)
15 Evacuation chair	Deleted by ESCAP	1 648 350	(1 648 350)	(50 781)
16 Lighting control system	Change brand	4 367 792	(1 159 296)	(35 715)
17 Conduit	Change material	7 785 967	(1 835 812)	(56 556)
18 Smart distribution panel	Change material	20 750 117	(4 500 000)	(138 632)
19 Cable tray finish	Change finish to tray	18 034 378	(3 957 750)	(121 927)
20 Main feeder	Change type of cabling	5 469 057	(307 095)	(9 461)
21 Power supply system	Change type of cabling	5 167 776	(518 930)	(15 987)
22 Alternate phasing	Block B fully vacated: accelerated schedule for day-time construction	3 000 000	(3 000 000)	(92 421)
23 Stucco removal	Reduce extent of removal	6 003 747	(4 805 554)	(148 045)
24 Pantry: counter; flooring	Change supplier	5 447 230	(3 893 830)	(119 958)
25 Electrical panel	Change type of panel	25 250 117	(9 000 000)	(277 264)
26 Bus duct	Change material	4 596 640	(2 000 000)	(61 614)
Subtotal		391 998 060	(127 506 191)	(3 928 102)
Overhead and profit 10.5%		41 159 796	(13 388 150)	(412 451)
Total		433 157 856	(140 894 341)	(4 340 553)

<i>Accepted value engineering before contract award</i>		<i>Cost savings:</i>		
<i>Construction item/element:</i>	<i>Change</i>	<i>Original cost, baht</i>	<i>Baht</i>	<i>United States dollars</i>
27	Add alternate: exclude from the contract price – one-half floor finishes and mechanical, electrical and plumbing works, and one half-floor finishes, works only.	18 796 839	(18 796 839)	(554 806)
28	Add alternate: exclude from the contract price – marble to link walls façade	11 906 163	(11 906 163)	(351 422)
Subtotal		30 703 002	(30 703 002)	(906 228)
Overhead and profit 10.5%		3 223 815	(3 223 815)	(36 899)
Total		33 926 817	(33 926 817)	(943 127)
29	Value, engineering, façade: Change end-walls to 400x800x20 mm Saraburi marble and vertical galvanized support structure	105 206 507	(24 804 149)	(732 118)
Subtotal		105 206 507	(24 804 149)	(732 118)
Overhead and profit 10.5%		Included	Included	Included
Total		105 206 507	(24 804 149)	(732 118)
30	Coronavirus disease (COVID-19) impact on shipping cost of materials: cost increase between bid date and contract sign date	0	25 262 576	778 268
Subtotal			25 262 576	778 268
Overhead and profit 10.5%			n/a	n/a
Total		–	25 262 576	778 268
Final contract amount			839 999 000	24 793 359
31	Adjust for items in general contractor contract, not part of seismic mitigation retrofit and life-cycle replacements project scope and not funded by seismic mitigation retrofit and life-cycle replacements project:	0	25 262 576	778 268
31.1	Septic tank		(8 770 632)	(335 769)
31.2	Long-term use of Block A ground floor		(4 545 000)	(150 000)
Subtotal			(14 713 773)	(485 769)
Overhead and profit 10.5%		Included	Included	Included
Total		–	(14 713 773)	(485 769)
Final seismic mitigation retrofit and life-cycle replacements project budget in contract amount			825 285 227	25 279 128