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Proposed programme budget for 2023

Progress in the renovation of Africa Hall at the Economic Commission for Africa in Addis Ababa

Seventeenth 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 progress in the renovation of Africa Hall at the Economic Commission for Africa (ECA) in Addis Ababa ([A/77/339](#)). During its consideration of the report, the Advisory Committee met virtually with representatives of the Secretary-General, who provided additional information and clarification, concluding with written responses dated 27 October 2022.

2. The report of the Secretary-General, submitted pursuant to section VIII of General Assembly resolution [76/246](#) A, provides an update on the project since the issuance of the previous progress report of the Secretary-General ([A/76/308](#)), including on design development, procurement activities, project governance, risk management, progress in construction and the status of voluntary contributions. The report also contains an updated project schedule and a revised cost plan. The Advisory Committee, upon enquiry, was provided with a comparison between the revised cost plan contained in the most recent report of the Secretary-General and the previous progress report, which is included as annex I to the present report.

II. Progress in the renovation of Africa Hall

Cooperation with the Government of the host country and other Member States

3. The Secretary-General indicates that, despite some additional operational difficulties at ECA resulting from security conditions in November and December 2021, the agreement signed with the Government of Ethiopia remains in place, enabling the seamless importation of goods and services for the project, and that



cooperation with the authorities continues in a positive and effective manner (A/77/339, para. 34). **The Advisory Committee expresses its gratitude to the host country for its continuing support to ECA and trusts that the Secretary-General will continue to engage with the host country to ensure the success of the project. The Committee also notes the security challenges at the ECA campus (A/77/519, paras. 100–108 and table 11), and trusts that cooperation with the host country to address those challenges will continue.**

4. The Secretary-General provides an update on his efforts to mobilize voluntary contributions for the project, including through: the promotion of the Africa Hall project at Expo 2020 held in Dubai, United Arab Emirates, which had been delayed to March 2022 owing to the impact of the coronavirus disease (COVID-19) pandemic (A/77/339, paras. 35–36); a draft action plan developed by a resource mobilization expert engaged by the ECA Partnerships and Resource Mobilization Section to generate donor support for the project that was commended by both the stakeholders committee and the Advisory Board of the project (ibid., para. 37); and a ground-breaking ceremony to mark the award of the main renovation works contract (ibid., para. 39). The Advisory Committee notes from the report that no feedback has yet been received from the participation of ECA in Expo 2020, and was informed, upon enquiry, that an update on the outcomes of the event would be presented in the next progress report of the Secretary-General. With regard to the draft action plan, the Committee was informed that the expert was engaged at an annual cost of \$33,600, and that the first phase of the draft action plan would target 53 African Union member States and donors in Addis Ababa, while the second phase of the plan would target potential donors outside Addis Ababa. The Committee was further informed that ECA was following up with the attendees of the ground-breaking ceremony and that, while African Union representatives sat on the project Advisory Board and were aware that voluntary contributions were being sought by ECA, no contributions had been received thus far. Upon enquiry, the Committee was provided with a list of voluntary contributions received since the project's inception in 2016, as detailed in table 1.

Table 1
Voluntary contributions since 2016

<i>Year</i>	<i>Donor</i>	<i>Type of donation</i>	<i>Value</i>	<i>Purpose</i>
2016	Mali	Voluntary contribution	US\$52,192	Funds currently held in a trust fund will be used to restore a portrait of a leader (artwork)
2017 (not yet formalized)	Switzerland	Voluntary contribution	SwF 100,000	Funds will be used to support the start-up of the visitors' centre
2018	Ethiopia	In-kind contribution	Unknown	Donated land to be developed as visitor parking space for Africa Hall
2021	Italy	In-kind contribution	Unknown	Pledge for a book about the architecture of Africa Hall

5. **The Advisory Committee notes the preparation of a strategy for the mobilization of voluntary resources for the project and expresses its appreciation for the contributions and pledges received. The Committee notes, however, the relatively modest level of support received thus far and encourages the Secretary-General to redouble his efforts in continuing to engage with Member States to seek voluntary contributions, including in-kind contributions, and other forms of support for the project. Taking into consideration that Africa Hall**

is the historical birthplace of the African Union, and a symbolic landmark of African cultural heritage, the Committee also encourages the Secretary-General to engage with the member States of the African Union as well as the African Union Commission to consider supporting the start-up phase of the visitors' centre initiative and the project at large (see paras. 6–8 below).

6. In paragraphs 58 to 61 of his report, the Secretary-General provides an overview of the project's visitors' centre initiative, which will, inter alia, provide services to the public with regard to learning about African history and focus on the historical role of Africa Hall in the creation of the African Union (A/77/339, para. 58). It is indicated that the business case for the centre envisages a self-financing model of operations, with minimum and maximum revenue projection scenarios that assume revenues ranging from \$280,000 to \$920,000 per year, respectively, depending on the number of tour guides and the mobilization of resources for the start-up phase (ibid., paras. 59–60). Upon enquiry, the Advisory Committee was provided with an executive summary of the business case for the visitors' centre, and noted that the start-up funding requirement for the centre amounted to \$891,600, necessitating further contributions in addition to the pledge of SwF 100,000 by Switzerland (see table 1).

7. The Advisory Committee also received a list of the leading tourist destinations in Addis Ababa and noted, from the additional information it received, that the revenue projections for the centre were predicated on it becoming a leading tourist destination in the city and appealing to various groups of visitors, including students, Ethiopian citizens, senior citizens, United Nations staff and their dependants and guests, conference participants and tourists. As such, the two revenue options assume a robust number of visits, ranging from 196,600 to 334,100 per year, respectively, and 255 working days of operation when tours and other public services would be offered. The Committee was further informed that, of the United Nations visitors' centres globally, the centres at Headquarters and Geneva were self-sustaining, while revenues for those at Nairobi and Vienna were below operating cost requirements.

8. **The Advisory Committee recalls that services to the public contribute to strengthening the image of the United Nations and acknowledges that the United Nations is not a revenue-generating organization. Nonetheless, the Committee was not convinced of the revenue-generation scenarios presented for the visitors' centre. The Committee recommends that the General Assembly request the Secretary-General to revisit the business case for the visitors' centre and provide more detailed information on the related assumptions to ensure the long-term financial sustainability of the centre, including in view of the experience of the impact of the COVID-19 pandemic and related adjustments on revenue production assumptions for services to the public at other United Nations duty stations, and to provide updated projections, justifications and resource mobilization requirements in his next progress report.**

Project governance and management

9. In his report, the Secretary-General outlines the project governance structure, including the meetings of the stakeholders committee and the Advisory Board that were held during the reporting period (ibid., paras. 8–13). The ECA Executive Secretary continues to be the project owner, and the governance structure for the overall management of the project comprises: (a) meetings of the stakeholders committee to keep the project owner and key organizational stakeholders updated and informed about current project progress and risk exposure, and to support their decision-making; (b) meetings of the Advisory Board to provide the project owner with recommendations on how to protect the project and its implementation; (c) coordination with Headquarters through regular meetings with the Global Asset Management Policy Service of the

Office of Programme Planning, Finance and Budget on various project management functions, including on change management and status reporting, technical guidance and advice, as well as on lessons learned and best practices from other ongoing capital construction projects; and (d) consultations with an international professional firm tasked with supporting the Global Asset Management Policy Service in providing independent risk management services to the project owner (*ibid.*, paras. 14–17).

10. The report of the Secretary-General also lists the temporary positions approved by the General Assembly for the ECA project management team, namely, a Project Manager (P-5), reporting to the project executive (the Director of Administration of ECA), and a project team comprising an Architect/Engineer (P-4), a Procurement Officer (P-3), an Architectural/Civil/Structural Engineer (National Professional Officer), a Mechanical/Electrical Engineer (National Professional Officer), a Clerk of Works (National Professional Officer), a Finance and Budget Assistant (Local level), a Logistics and Shipping Assistant (Local level) and an Administrative Assistant (Local level). The Secretary-General indicates that only one position is vacant, namely, a position of Logistics and Shipping Assistant (Local level), and is under recruitment and expected to be filled soon. In addition, in response to the recommendation of the Advisory Committee in paragraph 8 of its previous report ([A/76/7/Add.13](#)), ECA had assessed the need for a Procurement Officer (P-3) and concluded the position was no longer needed in the light of the approval by the Assembly, in its resolution [75/253 A](#), of a dedicated Contract Manager (P-3) ([A/77/339](#), paras. 18–19 and table 1). The Secretary-General further indicates that a temporary position of Project Coordinator (P-4) will continue to be embedded with the Global Asset Management Policy Service at Headquarters, with its funding from 2023 onward set to revert to being cost-shared with the seismic mitigation construction project at the Economic and Social Commission for Asia and the Pacific (ESCAP). In addition, six Security Officer (Local level) positions, along with the rest of the project management team, will be retained until project completion (*ibid.*, paras. 20–22). Upon enquiry, the Advisory Committee received confirmation that the security positions were funded under section 34, Safety and security, of the programme budget. The Committee was provided with the incumbency status of the positions, from which it noted that five of the six positions had been filled from April 2022, and one position had remained encumbered from October 2020 to the present. **Considering the delays in the implementation of the project, the Advisory Committee trusts that the Secretary-General will update the General Assembly during its consideration of the present report on the utilization of one security position from October 2020 and the remaining five positions filled in April 2022 until the award of the main works renovation contract in August 2022.**

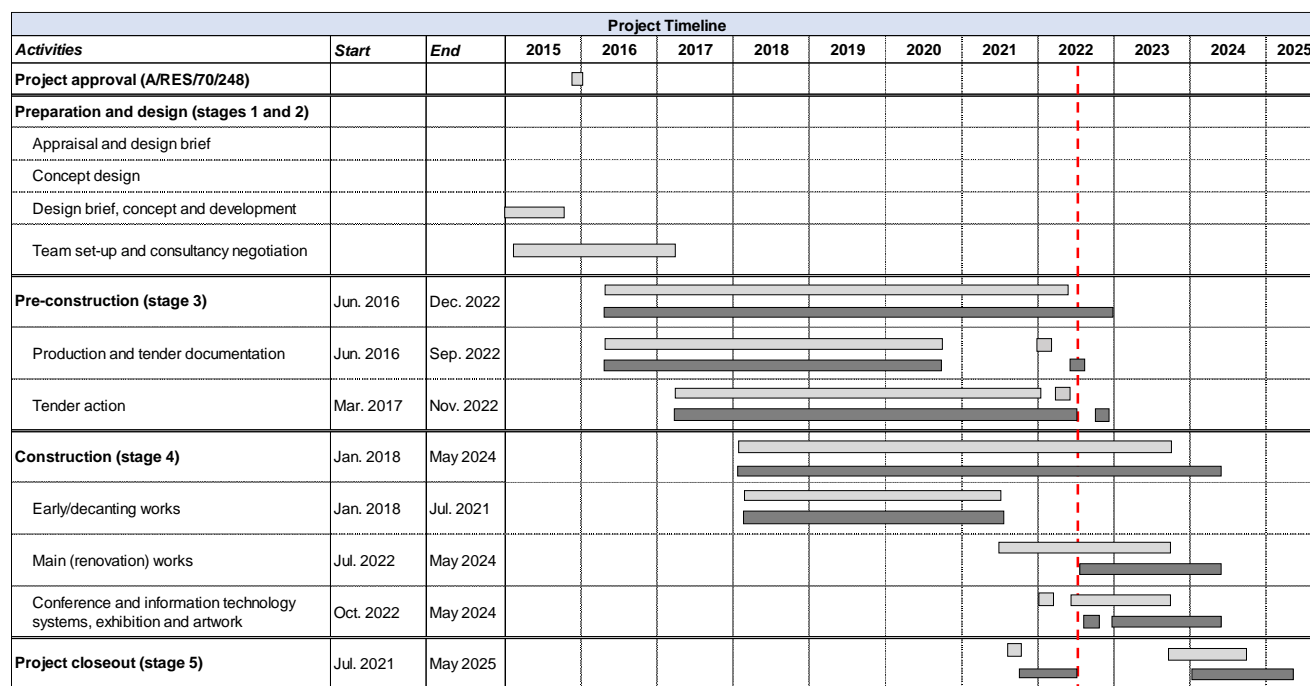
11. In paragraphs 47 and 49 of his report, the Secretary-General provides further detail on the consultancies engaged for the project, including: (a) exhibition curation; (b) artwork restoration; and (c) resource mobilization (see also para. 4 above). It is also indicated that ECA renegotiated its contract with the lead consultancy firm in December 2021, which now includes the needed support until the final completion of the project.

Project schedule and risk management

12. In paragraphs 2 to 7 of his report, the Secretary-General outlines the project objectives and progress made at the time of drafting the report. Figure III and table 3 of the report present, respectively, the actual progress and updated project schedule as at 31 July 2022, as well as a comparison of the status of the main stages and activities with the information provided in the previous progress report (*ibid.*, para. 62). The Secretary-General indicates that the project implementation strategy comprises the following parts: (a) early decanting works (moving out);

(b) main renovation; (c) conference and information technology systems; (d) artwork restoration; and (e) the permanent exhibition (ibid., para. 40).

Economic Commission for Africa project schedule, with expected start and end dates of procurement awards



Legend:

- Project schedule envisaged in the report of the Secretary-General (A/76/308) - August 2021
- Current/Revised project schedule (provisional as of July 2022)

13. The Advisory Committee notes that, as previously requested (A/76/7/Add.13, para. 11), the project schedule has been presented as a chart, as well as in tabular form, and trusts that this practice will continue in future ECA progress reports, as well as in the progress reports of other United Nations construction projects, in order to ensure the standardization of the reporting format for all projects.

14. With regard to decanting, early decanting works were completed in July 2021 and handed over to ECA final users in November 2021; outstanding claims from the decanting works contractors are currently being assessed by ECA and the Office of Legal Affairs (A/77/339, para. 41). The Advisory Committee was informed, upon enquiry, that a claim for \$676,100 for additional fire line works was submitted by the early decanting works contractor, but did not contain any information beyond that provided in the four previous claims submitted to and rejected by ECA and the Office of Legal Affairs. In addition, the Committee was informed that the contractor's claim presently under review was also recommended for rejection and that a claim for \$594,500 for force majeure conditions had also been assessed by the ECA project team and found to be unsubstantiated. The Committee was further informed, upon enquiry, that the costs of rectifying the defects of the work performed by the early decanting works contractor were originally estimated at \$117,500, or 4.5 per cent of the contract price, and were currently under review, with an update to be provided in the context of the next progress report. Owing to the contractor's lack of capacity and refusal to rectify the defects, however, ECA was in the process of addressing the defects itself and would fund the related charges through the withholding of the final payment due to the contractor. Upon

enquiry, the Committee was informed that one of the lessons learned from the procurement of the early decanting works contract was that the contractor had offered the lowest bid and that contract monitoring (through a dedicated Contract Manager) was central to addressing any performance issues. **The Advisory Committee notes that no indication is given regarding the contractor's acceptance or refusal of the rejection of its claims by the United Nations, and recommends that the General Assembly request the Secretary-General to provide an update at the time of its consideration of the present report and the next progress report. Furthermore, the Committee recalls its recommendation in paragraph 14 of its report (A/76/7/Add.13), endorsed by the Assembly, and trusts that appropriate lessons learned will be applied to the procurement and award of work contracts for future construction projects in order to avoid similar situations** (see also para. 17 below).

15. With respect to the main renovation works, the Secretary-General indicates in his report that, following the termination in February 2020 of the previous contract for the main renovation works, the resolicitation process began in March 2020, with bidders evaluated in line with the recommendation of the Advisory Committee to conduct thorough performance and background checks (A/76/7/Add.13, para. 14) to ensure that financial soundness and vendor registration requirements were met. As a result, the Secretary-General indicates that the additional verification of bidders took longer than planned, yielding one qualified bidder and concluding with a contract award in August 2022, thereby prolonging the substantial completion of the project by an additional eight months to May 2024 (A/77/339, paras. 2 and 42). Despite this delay, the Secretary-General anticipates that value engineering efficiencies and a reduced implementation schedule from 30 to 22 months will allow the project to be delivered within the approved budget of \$56.9 million (*ibid.*, summary). Upon enquiry, the Committee was informed that the cost of the main renovation works contract amounted to \$30.6 million, which was \$2.4 million higher than projected in 2018, and would be covered through the project's cost escalation and contingency funds. In order to further contain costs, value engineering reductions would be derived chiefly from landscaping costs (\$1.5 million), furniture and other finishing elements (\$0.5 million) and general discounts (\$0.4 million). Time frame reductions from 30 to 22 months would also yield a reduction in costs (\$1.0 million) and were projected on a revised turnaround time for submittals, anticipated procurement, overlapping of construction phases and the substantial experience of the contractor.

16. The Advisory Committee was further informed that, while the implementation time frame for the main renovation works stage remained at the updated monthly total of 22 months, substantial completion as at 27 October 2022 was being projected for 29 June 2024, and not May 2024 as previously envisaged. The Committee, upon enquiry, was provided with a general estimate of administrative costs resulting from this delay, which amounted to \$4.45 million and comprised extended management costs (\$0.75 million), additional services of the lead consultant (\$1.31 million) and cost escalation (\$2.39 million). The Committee also notes the recommendations of the Office of Internal Oversight Services (OIOS) that ECA submit a position paper containing an analysis of potential claims against the joint venture initially contracted for the main renovation works and submit a request to the Vendor Review Committee to formally sanction the partners of said joint venture (*ibid.*, para. 24 (d–e)). Upon enquiry, the Committee was informed that ECA had submitted a memorandum to the Office of Legal Affairs in July 2022 in response to the former recommendation, and a request to the Vendor Review Committee in August 2022 in response to the latter recommendation. **The Advisory Committee expresses concern that, at the time of writing, the project is estimated to be delayed by three and a half years from its initial time frame. The Committee notes the increase in the cost of the main renovation works contract as well as the general estimate of administrative costs resulting from this delay, and trusts that an update on the contingency measures designed to offset cost increases and on any legal measures to be undertaken in**

relation to the partners of the joint venture will be provided to the General Assembly at the time of its consideration of the present report. The Committee also trusts that future progress reports of the Secretary-General will include actual and realistic projections of the impact of project delays, in terms of both their financial and time frame implications (see also para. 21 below).

17. The Secretary-General indicates in his report that service contracts for the remaining packages in the process of being awarded in October 2022 include the conference and information technology systems package and the artwork restoration package. With regard to the former, the Secretary-General indicates that the award would be partial for lots A and B, while for the latter the award would exclude lot C without affecting the project schedule (A/77/339, paras. 43–45). The Advisory Committee was informed, upon enquiry, that bidders had the option to provide bids for the four lots (A–D) of the conference and information technology systems package as individual lots or as a combination, and that feedback suggested that the lots with higher profit margins for both goods and services (A and B) attracted more bids than lots that included the goods component under United Nations systems contracts (C and D). Upon enquiry, the Committee was provided with the latest status of all remaining contract packages, as detailed in table 2.

Table 2
Contract status of remaining service packages

No.	Description	Value	Contract duration	Status
1.	Main renovation works	US\$30,600,000	34 months, including defects liability period of 12 months	Contract awarded on 15 August 2022
2.	Audiovisual and conference technology (lot A)	€3,085,969	31 months, including defects liability period of 12 months	Received approved minutes from Headquarters Committee on Contracts; contract award under way
3.	Audiovisual and conference technology (lot C)	To be determined	–	Obtaining quote from Cisco
4.	Audiovisual and conference technology (lots B and D)	To be determined	–	To be determined after award of contract for lot A
5.	Artwork restoration and conservation for lot A – stained glass	US\$204,669	24 months	Contract award stage
6.	Artwork restoration and conservation for lot B – canvas and linen	–	–	Under review by local committee on contracts
7.	Artwork restoration and conservation for lots C and D – carpet and leather rug	–	–	To be determined

18. The Advisory Committee is of the view that the approach to procurement must include a well-designed incentive structure in order to attract an appropriate number of qualified bidders, and trusts that the Secretary-General

will apply the lessons learned from the Commission's procurement challenges in future procurement actions (see also part IV below).

19. In paragraphs 27 to 33 of his report, the Secretary-General provides an update on risk management and the risk response measures to be taken to mitigate project risks. A fifth quantitative risk analysis (Monte Carlo simulation)¹ carried out in June 2022 showed a 32 per cent likelihood of delivering the project within the maximum approved overall budget of \$56.9 million (A/77/339, para. 29 and figure I). The Advisory Committee notes that this is a decrease of 17 per cent compared with the 2021 confidence level of 49 per cent and with all previous simulations conducted from 2018 to 2020; it also falls well below the organizational target of 80 per cent (ibid., para. 29). The Committee was informed, upon enquiry, that a budget of \$58.5 million, an increase of \$1.6 million, or 2.8 per cent, over the approved project budget of \$56.9 million, was currently the resource level projected to achieve the 80 per cent confidence target. In addition, the Committee was informed that the 17 per cent decrease in confidence level was caused mainly by cost escalation for the main renovation works and the additional costs for the extended services of the project team and lead consultant. Although the current main renovation works contract transferred the cost escalation risk to the contractor through a "fixed lump sum" contract modality with no cost adjustment over the period of implementation, prior delays and cost increases reduced the project's escalation and contingency funds to approximately \$1.8 million in total, below the construction industry standard of 5 per cent of trade costs for the mitigation of potential cost increases until project completion. Furthermore, the Committee was informed that the earmarking of contingency resources was an additional factor in the reduced Monte Carlo simulation confidence level. The Committee was informed that key mitigation measures currently being implemented to prevent further cost increases were: the early procurement of long-lead items; value engineering measures; timely decision-making on changes; and potential synergies with other programmes.

20. The 2022 simulation also provided an updated cost-sensitivity analysis, with the top five risks identified, in descending order of magnitude, as: (a) owner-directed changes (52 per cent); (b) global market escalation (and force majeure) (40 per cent); (c) risks inherent to the main renovation works (36 per cent); (d) timeliness of decision-making (34 per cent); and (e) COVID-19-related risks (30 per cent) (ibid., paras. 30–31 and figure II). A comparison of the top five risks for the project is presented in table 3.

Table 3
Comparison of the top five Economic Commission for Africa project risks

<i>Previous top five risks (A/75/319, para. 32 and figure II)</i>	<i>Previous top five risks (A/76/308, para. 30 and figure II)</i>	<i>Current top five risks (A/77/339, para. 31 and figure II)</i>
1. COVID-19-related risk	1. Main renovation works	1. Owner-directed changes
2. Main building works	2. COVID-19-related risks	2. Global market escalation (and force majeure)
3. Owner-directed design changes/modification	3. Contractor disputes/performance issues	3. Risks inherent to the main renovation works

¹ A statistical analysis method used to better understand the impact of risks in a project, by using a range of minimum to maximum values with regard to time frames and cost estimates for stages and components, through a computer-based simulation that runs multiple random project scenarios (A/76/7/Add.13, footnote 1).

<i>Previous top five risks (A/75/319, para. 32 and figure II)</i>	<i>Previous top five risks (A/76/308, para. 30 and figure II)</i>	<i>Current top five risks (A/77/339, para. 31 and figure II)</i>
4. Contractor disputes/ performance issues	4. Conference and information technology systems	4. Timeliness of decision-making
5. Conference and information technology systems	5. Owner-directed changes	5. COVID-19-related risks

21. The Advisory Committee notes that, as previously requested (A/76/7/Add.13, para. 16), the ECA risks have been shown in a comparative table and trusts that this practice will continue in future ECA progress reports, as well as in the progress reports on other United Nations construction projects, in order to ensure the standardization of the reporting format for all projects.

22. The Advisory Committee notes that the risk of owner-directed changes has moved up to the top position owing to the commencement of the construction phase (A/77/339, para. 31 (a)). Upon enquiry, the Committee was informed that the risk of owner-directed changes arising from, for example, technological advancements in information and telecommunications technology and conferencing equipment, which could result in cost increases, had not been considered during the design phase. The Committee was further advised that ECA had been taking measures to minimize the risk of owner-directed changes, including by providing regular updates to the stakeholders committee and reviewing with United Nations Headquarters the change management process for contract variations. The Committee also notes the OIOS recommendation that ECA should reinforce project schedule controls and points out the related risk of the timeliness of decision-making, which is new among the top five project risks (ibid., paras. 24 (f) and 31 (d)). **Noting the performance aspect of two of the top five risks and expressing its concern regarding the notable decrease in the confidence level, the Advisory Committee trusts that the Secretary-General will take all measures to closely monitor and mitigate project risks, in a balanced and realistic way and with appropriate adjustments made in the course of project implementation by the ECA team, so as to ensure the delivery of the project within the scope, budget and the revised timeline, as approved by the General Assembly.**

Use of local materials and knowledge, and energy efficiency strategy and related cost savings

23. The Secretary-General indicates in his report that the practice of utilizing local labour and locally sourced and manufactured (raw) materials for works, including landscaping, is foreseen to continue during the implementation of the main renovation works (ibid., para. 48 (a)). With regard to energy efficiency and sustainability, it is also noted that, in response to previous requests of the General Assembly (resolutions 76/246 A, sect. VIII, para. 14, and 75/253 A, sect. X, para. 13), ECA has begun tracking electricity and water consumption with the goal of establishing a consumption baseline by the end of 2022, but that this effort will take longer than estimated as not all tenants of Africa Hall have returned to the office (A/77/339, para. 57). Upon enquiry, the Advisory Committee was informed that tracking began in January 2022 and that, at present, approximately 80 per cent of spaces in Africa Hall remained unoccupied. **The Advisory Committee recalls its related recommendation made in its previous report (A/76/7/Add.13, para. 19) and**

reiterates the importance of ensuring the use of locally sourced and manufactured materials, as well as local labour and expertise, and looks forward to updates thereon in future progress reports. The Committee also trusts that the Secretary-General will continue his efforts to carry out the necessary analysis to establish an energy efficiency baseline and will provide a detailed update, including an estimate of the related cost savings, to the General Assembly in the context of the next progress report.

III. Project expenditure and anticipated costs

24. Details on project expenditure as at 31 July 2022 and anticipated costs are provided in the report of the Secretary-General, in which he indicates that, in its resolutions [71/272 A](#), [72/262 A](#), [73/279 A](#) and [74/263](#), the General Assembly appropriated \$36,541,700 for the project for the period 2016–2021 ([A/77/339](#), paras. 63–64, table 4 and annexes I and II). **The Advisory Committee notes that the revised cost plan, as presented in annex I to the present report, presents the annual projected expenditures for the duration of the project, but considers that the inclusion of a separate table, with columns showing the original cost estimate and the revised cost estimates for each year thereafter, would be a helpful tool for Member States in their consideration of the report overall. The Committee therefore recommends that the General Assembly request the Secretary-General to include such a table showing the evolution of the project cost plan in future ECA progress reports, as well as in the future reports of all other United Nations construction projects. The Committee looks forward to an update in the next progress report on the cost plan, if any, after completion of the multistage request for proposal tendering process.**

25. The Secretary-General indicates that the cumulative expenditure as at 31 July 2022 was \$13,809,000, and the projected expenditure for the remainder of 2022 amounted to \$10,771,700 (*ibid.*, para. 64 and table 4). The resolicitation and late delivery of the main renovation works contract, the largest works package of the Africa Hall renovation project, is cited as the main driver of the low level of expenditure. A balance of \$11,970,000 is projected to remain unused as of the end of 2022. Upon enquiry, the Advisory Committee was informed that the project expenditure as at 30 September 2022 amounted to \$14,051,400.

26. Details of the total projected resource requirements for 2023 in the amount of \$18,214,000 are provided in paragraph 66 and table 5 of the report and comprise:

(a) \$1,038,700 under section 18, Economic and social development in Africa, to provide for: (i) the continuation of the current dedicated management team (\$971,700); (ii) individual consultants providing expert knowledge to support the dedicated project team, upon demand (\$60,000); and (iii) travel of the project management team, restricted to the minimum required (\$7,000);

(b) \$16,990,700 under section 33, Construction, alteration, improvement and major maintenance, to provide for: (i) construction costs (\$15,200,000) for the implementation of the main renovation works, for installation of the conference and information technology systems and network and for artwork restoration; (ii) professional service fees (\$1,228,000), including for the services of the lead consultant to finalize the design and support the dedicated project team in construction management and construction supervision activities, and for the professional risk management firm and other services, such as third-party consultants to provide independent opinions on the design development or other subjects for which an outside assessment provides value; and (iii) a contingency provision (\$562,700) to cover inherent risks in case they materialize;

(c) \$184,600 under section 34, Safety and security, for security services provided by the six dedicated Security Officers.

27. Annex III to the report of the Secretary-General provides an overview of the use of the escalation and contingency provisions since the project's inception. The Advisory Committee notes that an amount of \$7,404,300 in contingency funding and an amount of \$5,613,100 in escalation funding have been used or earmarked for use since the amounts of \$8,736,900 and \$6,086,900 were approved, respectively, for project contingency and escalation purposes by the General Assembly in its resolution [70/248](#) A, leaving a cumulative balance of \$1,806,400 until project completion to provide necessary safeguards against unforeseen cost overruns and thereby compounding project implementation risks (see also para. 17 above). **The Advisory Committee expresses its concern at the progressive depletion below the recommended threshold of the project's contingency provisions and is of the view that the risk of exceeding the approved project budget of \$56.9 million has been compounded and is increasing. The Committee therefore trusts that the Secretary-General will provide an update on the use of and projections for the project's contingency provisions at the time of its consideration of the present report and in his next progress report.**

28. The Secretary-General indicates that, for 2023, \$18,214,000 will be partially funded in part from appropriations and assessments on Member States already made in previous years. Given that the project funding is recorded under a multi-year construction-in-progress account, approved by the General Assembly in section IX, paragraph 27, of its resolution [70/248](#) A, the anticipated unused balance of \$11,970,000 at the end of 2022 will be carried forward and will partly cover the funding requirements in 2023 ([A/77/339](#), para. 67). Upon enquiry, the Advisory Committee was informed that, as at 30 September 2022, the projected unused balance would be \$11,744,400.

IV. Other

Sharing of lessons learned

29. Upon enquiry, the Advisory Committee was provided with a list of lessons learned by ECA in its implementation of the project and in relation to the latest OIOS audit of 29 June 2022. The Committee notes that potential process improvements have accrued in practically all areas of the pre-planning, solicitation and implementation phases of the project and will have an important bearing on United Nations construction projects going forward. The Committee notes, for example, that the approach at the Economic Commission for Latin America and the Caribbean (ECLAC) for advance purchases ([A/77/315](#), paras. 30 and 56), whereby procurement for main renovation works materials is outsourced to the vendor, is different from the approach adopted by ECA, and may result in significant benefits in mitigating construction delays. Similarly, the approach adopted by the strategic heritage plan for the mobilization of donor support for the new visitors' centre ([A/77/492](#), paras. 91 and 105–108) at the United Office at Geneva, and the use of universal access to address accessibility issues at the United Nations Office at Nairobi ([A/77/367](#), paras. 27–30) may provide actionable insights for guiding ECA approaches in these areas. **The Advisory Committee is of the view that, in order to ensure meaningful dissemination of lessons learned at ECA, as well as at other construction projects currently under implementation at ESCAP, ECLAC, the United Nations Office at Geneva and the United Nations Office at Nairobi (see annex II to the present report), the role of the Global Asset Management Policy Service of the Office of Programme Planning, Finance and Budget is critical in coordinating and sharing**

the relevant information with and among the respective projects' management teams, including through the potential embedding of the Global Asset Management Policy Service and construction project management staff within the respective teams for short-term periods, as appropriate.

Resources for United Nations construction projects

30. The Advisory Committee requested information on the trends related to requirements from 2014 to 2023 for all stand-alone United Nations construction projects, namely: (a) the renovation of Africa Hall at ECA; (b) the seismic mitigation retrofit and life cycle replacement project at ESCAP; (c) the renovation of the North Building at ECLAC; (d) the strategic heritage plan of the United Nations Office at Geneva; (e) addressing the deteriorating conditions and limited capacity of the conference services facilities at the United Nations Office at Nairobi; and (f) the replacement of office blocks A–J at the United Nations Office at Nairobi.

31. Annex II to the present report summarizes the supplementary information received by the Advisory Committee, including under section 33, Construction, alteration, improvement and major maintenance, and other budget sections of the programme budget which provide funding for project management, safety and security and initial feasibility studies necessary for the implementation of stand-alone capital construction projects. The Committee also requested and received information on trends related to resources for alteration, improvement and major maintenance projects under section 33. The three tables comprising annex II differ with respect to the funding for 2023 for the strategic heritage plan of the United Nations Office at Geneva by providing three possible scenarios for the financing of the strategic heritage plan, namely based on projected annual expenditure (table 1), an upfront appropriation approach (table 2) and an equal annual appropriation approach (table 3).

V. Conclusion

32. The recommendation of the Secretary-General on the proposed action to be taken by the General Assembly is set out in paragraph 69 of his report. **Subject to its recommendations and observations above, the Advisory Committee recommends that the General Assembly:**

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

(b) **Appropriate a net amount of \$6,244,000 for project activities in 2023 comprising: \$3,100,900 under section 18, Economic and social development in Africa; \$2,811,200 under section 33, Construction, alteration, improvement and major maintenance; and \$331,900 under section 34, Safety and security, of the programme budget for the year 2023, which would represent a charge against the contingency fund.**

Annex I

Revised cost plan contained in the most recent report of the Secretary-General (A/77/339) compared with the cost plan presented in the previous progress report (A/76/308)

(Thousands of United States dollars)

	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	Total as reported in A/77/339	Total as reported in A/76/308	Difference
Section 33, Construction, alteration, improvement and major maintenance													
1. Construction costs													
1.1 Building costs													
1.1.1 Infrastructure linked to other buildings (anticipated during the decanting works)	—	—	54.6	354.3	14.7	—	50.0	—	—	—	473.6	473.7	(0.1)
1.1.2 Main building works (including the foyer of the Congo Building)	—	—	—	—	—	—	6 520.2	10 432.3	8 737.0	391.2	26 080.7	23 096.3	2 984.4
1.1.3 New visitors' centre (visitors' entry building)	—	—	—	—	—	—	257.3	411.6	344.7	15.4	1 029.0	1 201.6	(172.6)
1.1.4 External works (inside boundaries) – infrastructure, fountain and gardening	—	—	—	—	—	—	671.4	1 074.2	899.7	40.3	2 685.6	3 224.3	(538.7)
1.1.5 External works (outside boundaries) – visitor parking, gate and fencing	—	—	—	—	—	—	201.2	321.9	269.6	12.1	804.8	687.3	117.5
1.2 Decanting works													
1.2.1 Congo Building	—	—	285.4	717.0	90.5	11.9	103.6	—	—	—	1 208.4	1 208.4	0.0
1.2.2 Nile Building	—	—	174.1	640.9	38.8	30.7	44.2	—	—	—	928.7	928.8	(0.1)
1.3 Conference and information technology systems	—	—	—	—	—	—	1 000.0	2 300.0	500.0	100.0	3 900.0	3 900.0	—
1.4 Artwork restoration													
1.4.1 Lot A – stained glass	—	—	—	—	—	—	100.0	87.5	108.0	4.5	300.0	665.0	(365.0)
1.4.2 Lots B and D – canvas, linen and mural	—	—	—	—	—	—	60.0	105.0	130.5	4.5	300.0	275.0	25.0

	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	Total as reported in A/77/339	Total as reported in A/76/308	Difference
1.4.3 Lot C – other minor artwork	–	–	–	–	–	–	10.0	17.5	21.8	0.8	50.1	50.0	0.1
1.5 Permanent exhibition (curatorial)	–	–	–	–	–	–	–	450.0	251.0	–	701.0	701.0	–
2. Professional services													
2.1 Lead consultancy firm	1 104.7	1 621.1	960.5	538.3	308.8	303.5	854.2	1 197.8	1 015.7	220.0	8 124.6	7 767.1	357.5
2.2 Risk management firm	–	–	52.8	–	30.3	20.2	20.2	20.2	20.2	16.8	180.7	140.4	40.3
2.3 Other services	1.6	10.4	49.6	26.2	–	–	10.0	10.0	5.0	–	112.8	99.1	13.7
3. Escalation	–	–	–	–	–	–	473.8	–	–	–	473.8	1 373.8	(900.0)
4. Contingency	–	–	–	–	–	–	357.1	562.7	403.1	9.9	1 332.6	3 127.7	(1 795.1)
Subtotal, section 33	1 106.3	1 631.5	1 577.0	2 276.7	483.1	366.3	10 733.2	16 990.7	12 706.3	815.5	48 686.4	48 919.5	(233.1)
Section 18, Economic and social development in Africa													
5. Project management													
5.1 Dedicated project management and support team	197.2	862.4	770.1	887.2	839.2	859.1	861.8	875.3	420.5	–	6 572.8	6 163.9	408.9
5.2 Dedicated coordinator at Headquarters (50 per cent of costing)	–	14.2	93.5	96.1	99.0	96.4	96.4	96.4	45.1	–	637.1	576.6	60.5
5.3 Consultancies and expertise (communication, curatorial, artwork, etc.)	–	5.6	19.5	9.6	–	–	30.0	60.0	30.0	–	154.7	244.7	(90.0)
5.4 Travel of project management team	16.5	20.5	37.7	15.6	–	–	10.0	7.0	2.6	–	109.9	110.0	(0.1)
Subtotal, section 18	213.7	902.7	920.8	1 008.5	938.2	955.5	998.2	1 038.7	498.2	0.0	7 474.5	7 095.2	379.3
Section 34, Safety and security													
6. Security requirements													
6.1 Security guards	0.0	26.7	104.1	113.7	123.6	(40.1)	141.0	184.6	81.8	0.0	735.4	881.6	(146.2)
Subtotal, section 34	0.0	26.7	104.1	113.7	123.6	(40.1)	141.0	184.6	81.8	0.0	735.4	881.6	(146.2)
Total	1 320.0	2 560.9	2 601.9	3 398.9	1 544.9	1 281.7	11 872.4	18 214.0	13 286.3	815.5	56 896.3	56 896.3	–

Annex II

United Nations construction resources: three scenarios for possible decision by the General Assembly

Table 1

Resources required for the period 2014–2023 under section 33 and other budget sections that provide for construction activities, should the General Assembly approve the amount for the strategic heritage plan for 2023 based on the projected annual expenditure

(United States dollars)

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023 ^a
Section 33, Construction, alteration, improvement and major maintenance										
Alteration, improvement, major maintenance projects (fascicle)	33 716 600	33 920 700	26 519 000	26 512 300	23 147 800	23 563 800	14 461 200	12 823 700	23 604 000	29 727 000
Capital investment planning	–	–	–	–	–	–	–	–	–	5 488 000
Stand-alone projects										
Strategic heritage plan ^b	15 346 400	28 499 400	33 459 900	10 931 800	25 400 000	31 809 800	34 231 400	53 121 200	69 971 800	89 161 500
Africa Hall ^c	–	–	6 092 600	6 092 700	4 644 700	7 937 600	7 577 100	–	–	2 811 200
Seismic mitigation	–	–	–	371 800	3 442 200	3 419 000	5 503 500	5 237 800	6 024 300	10 345 900
North Building renovation	–	–	–	–	80 000	445 000	103 300	1 424 500	5 158 800	615 600
Replacement of office blocks A–J	–	–	–	–	338 000	5 829 400	9 169 600	7 157 300	10 069 300	11 748 100
United Nations Office at Nairobi conference facilities	–	–	–	–	–	–	–	–	914 600	3 889 300
Subtotal, stand-alone projects	15 346 400	28 499 400	39 522 500	17 396 300	33 904 900	49 440 800	56 584 900	66 940 800	89 138 800	118 571 600
Subtotal, section 33	49 063 000	62 420 100	66 071 500	43 908 600	57 052 700	73 004 600	71 046 100	79 764 500	112 742 800	153 786 600
Other sections										
Section 18, Economic and social development in Africa (ECA/Africa Hall) ^c	–	–	480 000	773 300	905 400	964 500	752 000	–	–	3 100 900
Section 34, Safety and security (ECA/Africa Hall) ^c	–	–	–	37 600	150 200	29 000	105 000	–	–	331 900
Section 19, Economic and social development in Asia and the Pacific (ESCAP/seismic mitigation)	–	–	–	505 600	615 000	1 065 500	907 200	1 083 800	940 900	556 500
Section 21, Economic and social development in Latin America and the Caribbean (ECLAC/North Building renovation)	–	–	–	–	80 000	231 700	285 800	158 500	431 300	24 800

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023 ^a
Section 29G, Administration, Nairobi (United Nations Office at Nairobi/replacement of office blocks A–J)	–	–	–	–	165 400	765 500	1 095 400	765 600	1 163 300	1 214 800
Section 34, Safety and security (United Nations Office at Nairobi/replacement of office blocks A–J)	–	–	–	–	–	–	225 100	51 600	83 700	233 300
Section 29G, Administration, Nairobi (United Nations Office at Nairobi/conference facilities)	–	–	–	–	–	–	470 000	494 000	925 200	2 363 300
Subtotal, other sections	–	–	480 000	1 316 500	1 916 000	3 056 200	3 840 500	2 553 500	3 544 400	7 825 500
Total	49 063 000	62 420 100	66 551 500	45 225 100	58 968 700	76 060 800	74 886 600	82 318 000	116 287 200	161 612 100

Abbreviations: ECA, Economic Commission for Africa; ECLAC, Economic Commission for Latin America and the Caribbean; ESCAP, Economic and Social Commission for Asia and the Pacific.

^a Before recosting.

^b Excludes annual repayments of loans related to the strategic heritage plan, which are included under alteration, improvement, major maintenance projects (fascicle).

^c Resource requirements for 2023 are to be funded in part from the unspent balance at the end of 2022.

Table 2

Resources required for the period 2014–2023 under section 33 and other budget sections that provide for construction activities, should the General Assembly approve the amount for the strategic heritage plan for 2023 based on an “upfront appropriation” approach

(United States dollars)

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023 ^a
Section 33, Construction, alteration, improvement and major maintenance										
Alteration, improvement, major maintenance projects (fascicle)	33 716 600	33 920 700	26 519 000	26 512 300	23 147 800	23 563 800	14 461 200	12 823 700	23 604 000	29 727 000
Capital investment planning	–	–	–	–	–	–	–	–	–	5 488 000
Stand-alone projects										
Strategic heritage plan ^b	15 346 400	28 499 400	33 459 900	10 931 800	25 400 000	31 809 800	34 231 400	53 121 200	69 971 800	164 117 600
Africa Hall ^c	–	–	6 092 600	6 092 700	4 644 700	7 937 600	7 577 100	–	–	2 811 200
Seismic mitigation	–	–	–	371 800	3 442 200	3 419 000	5 503 500	5 237 800	6 024 300	10 345 900
North Building renovation	–	–	–	–	80 000	445 000	103 300	1 424 500	5 158 800	615 600
Replacement of office blocks A–J	–	–	–	–	338 000	5 829 400	9 169 600	7 157 300	10 069 300	11 748 100
United Nations at Nairobi conference facilities	–	–	–	–	–	–	–	–	914 600	3 889 300
Subtotal, stand-alone projects	15 346 400	28 499 400	39 522 500	17 396 300	33 904 900	49 440 800	56 584 900	66 940 800	89 138 800	193 527 700
Subtotal, section 33	49 063 000	62 420 100	66 071 500	43 908 600	57 052 700	73 004 600	71 046 100	79 764 500	112 742 800	228 742 700
Other sections										
Section 18, Economic and social development in Africa (ECA/Africa Hall) ^c	–	–	480 000	773 300	905 400	964 500	752 000	–	–	3 100 900
Section 34, Safety and security (ECA/Africa Hall) ^c	–	–	–	37 600	150 200	29 000	105 000	–	–	331 900
Section 19, Economic and social development in Asia and the Pacific (ESCAP/seismic mitigation)	–	–	–	505 600	615 000	1 065 500	907 200	1 083 800	940 900	556 500
Section 21, Economic and social development in Latin America and the Caribbean (ECLAC/North Building renovation)	–	–	–	–	80 000	231 700	285 800	158 500	431 300	24 800
Section 29G, Administration, Nairobi (United Nations Office at Nairobi/replacement of office blocks A–J)	–	–	–	–	165 400	765 500	1 095 400	765 600	1 163 300	1 214 800

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023 ^a
Section 34, Safety and security (United Nations Office at Nairobi/replacement of office blocks A–J)	–	–	–	–	–	–	225 100	51 600	83 700	233 300
Section 29G, Administration, Nairobi (United Nations Office at Nairobi/conference facilities)	–	–	–	–	–	–	470 000	494 000	925 200	2 363 300
Subtotal, other sections	–	–	480 000	1 316 500	1 916 000	3 056 200	3 840 500	2 553 500	3 544 400	7 825 500
Total	49 063 000	62 420 100	66 551 500	45 225 100	58 968 700	76 060 800	74 886 600	82 318 000	116 287 200	236 568 200

Abbreviations: ECA, Economic Commission for Africa; ECLAC, Economic Commission for Latin America and the Caribbean; ESCAP, Economic and Social Commission for Asia and the Pacific.

^a Before recosting.

^b Excludes annual repayments of loans related to the strategic heritage plan, which are included under alteration, improvement, major maintenance projects (fascicle).

^c Resource requirements for 2023 are to be funded in part from the unspent balance at the end of 2022.

Table 3

Resources required for the period 2014–2023 under section 33 and other budget sections that provide for construction activities, should the General Assembly approve the amount for the strategic heritage plan for 2023 based on an “equal annual amount” approach

(United States dollars)

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023 ^a
Section 33, Construction, alteration, improvement and major maintenance										
Alteration, improvement, major maintenance projects (fascicle)	33 716 600	33 920 700	26 519 000	26 512 300	23 147 800	23 563 800	14 461 200	12 823 700	23 604 000	29 727 000
Capital investment planning	–	–	–	–	–	–	–	–	–	5 488 000
Stand-alone projects										
Strategic heritage plan ^b	15 346 400	28 499 400	33 459 900	10 931 800	25 400 000	31 809 800	34 231 400	53 121 200	66 971 800	82 072 200
Africa Hall ^c	–	–	6 092 600	6 092 700	4 644 700	7 937 600	7 577 100	–	–	2 811 200
Seismic mitigation	–	–	–	371 800	3 442 200	3 419 000	5 503 500	5 237 800	6 024 300	10 345 900
North Building renovation	–	–	–	–	80 000	445 000	103 300	1 424 500	5 158 800	615 600
Replacement of office blocks A–J	–	–	–	–	338 000	5 829 400	9 169 600	7 157 300	10 069 300	11 748 100
United Nations Office at Nairobi conference facilities	–	–	–	–	–	–	–	–	914 600	3 889 300
Subtotal, stand-alone projects	15 346 400	28 499 400	39 522 500	17 396 300	33 904 900	49 440 800	56 584 900	66 940 800	89 138 800	111 488 300
Subtotal, section 33	49 063 000	62 420 100	66 071 500	43 908 600	57 052 700	73 004 600	71 046 100	79 764 500	112 742 800	146 703 300
Other sections										
Section 18, Economic and social development in Africa (ECA/Africa Hall) ^c	–	–	480 000	773 300	905 400	964 500	752 000	–	–	3 100 900
Section 34, Safety and security (ECA/Africa Hall) ^c	–	–	–	37 600	150 200	29 000	105 000	–	–	331 900
Section 19, Economic and social development in Asia and the Pacific (ESCAP/seismic mitigation)	–	–	–	505 600	615 000	1 065 500	907 200	1 083 800	940 900	556 500
Section 21, Economic and social development in Latin America and the Caribbean (ECLAC/North Building renovation)	–	–	–	–	80 000	231 700	285 800	158 500	431 300	24 800
Section 29G, Administration, Nairobi (United Nations Office at Nairobi/replacement of office blocks A–J)	–	–	–	–	165 400	765 500	1 095 400	765 600	1 163 300	1 214 800

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023 ^a
Section 34, Safety and security (United Nations Office at Nairobi/replacement of office blocks A–J)	–	–	–	–	–	–	225 100	51 600	83 700	233 300
Section 29G, Administration, Nairobi (United Nations Office at Nairobi/conference facilities)	–	–	–	–	–	–	470 000	494 000	925 200	2 363 300
Subtotal, other sections	–	–	480 000	1 316 500	1 916 000	3 056 200	3 840 500	2 553 500	3 544 400	7 825 500
Total	49 063 000	62 420 100	66 551 500	45 225 100	58 968 700	76 060 800	74 886 600	82 318 000	116 287 200	154 528 800

Abbreviations: ECA, Economic Commission for Africa; ECLAC, Economic Commission for Latin America and the Caribbean; ESCAP, Economic and Social Commission for Asia and the Pacific.

^a Before recosting.

^b Excludes annual repayments of loans related to the strategic heritage plan, which are included under alteration, improvement, major maintenance projects (fascicle).

^c Resource requirements for 2023 are to be funded in part from the unspent balance at the end of 2022.