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Proposed programme budget for 2024

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

### Twentieth report of the Advisory Committee on Administrative and Budgetary Questions on the proposed programme budget for 2024

#### 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/78/350](#)). 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 2 November 2023.

2. The report of the Secretary-General, submitted pursuant to section IX of General Assembly resolution [77/263](#) A, provides an update on the project since the issuance of the previous progress report of the Secretary-General ([A/77/339](#)), 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. Annex I to the report of the Secretary-General ([A/78/350](#)) provides a comparison between the revised cost plan and the plan contained in annex I to his previous progress report ([A/77/339](#)), and is reproduced 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 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/78/350](#), para. 39). **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 project's success.**

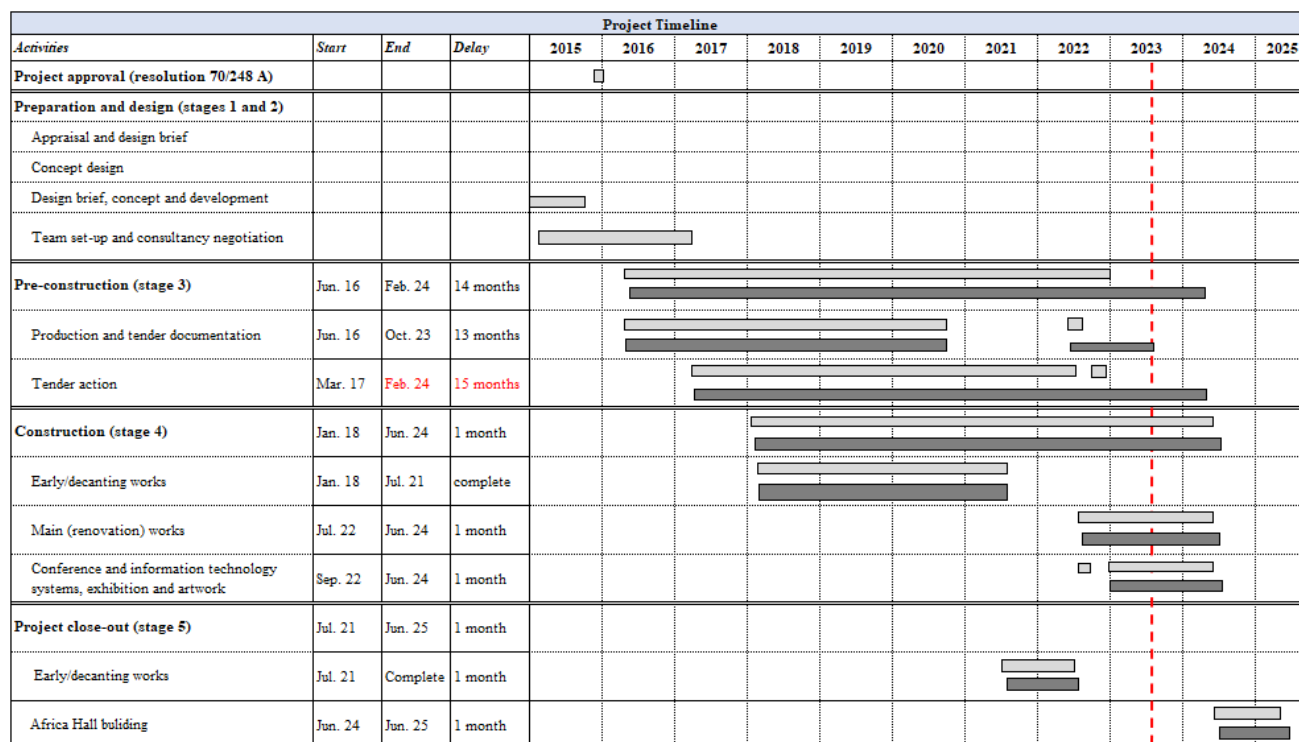
4. In paragraphs 40 to 43 of his report, the Secretary-General also provides an update on voluntary contributions that have been mobilized for the project, including contributions received in kind from Ethiopia, cash contributions from Mali in the amount of \$52,200, as well pledges from the Kingdom of the Netherlands and from Portugal amounting to 150,000 euros and 100,000 euros, respectively, made following a groundbreaking ceremony held in October 2022. The Advisory Committee also notes the commitment of Italy to publish a book on the architect of Africa Hall, and recalls the pledge from Switzerland, which is not yet formalized, in the amount of 100,000 Swiss francs to support the start-up of the visitors' centre (see [A/77/7/Add.16](#), table 1; see also paras. 27–29 below).

5. **The Advisory Committee notes with appreciation the contributions and pledges already received in support of the renovation of Africa Hall and trusts that the Secretary-General will continue his efforts to mobilize additional contributions from Member States in support of the project.**



### **Status of construction and project schedule**

6. The Secretary-General outlines the project objectives and progress made on the Africa Hall renovation project in paragraphs 2 to 6 of his report ([A/78/350](#)). Figure III and table 3 of the report provide, respectively, the actual progress and updated project schedule as at 31 July 2023, as well as a status comparison of the main stages and activities with the information provided in the previous progress report (*ibid.*, para. 67). The Secretary-General also indicates that the project implementation strategy comprises the following parts: (a) early decanting works (moving out); (b) main renovation works; (c) conference and information technology systems; (d) artwork restoration; and (e) the permanent exhibition (*ibid.*, para. 44). It is noted that, due to additional delays in the solicitation of the main renovation works package, substantial project completion is currently forecast for June 2024, a month later than envisaged in the previous progress report ([A/77/339](#)), bringing the total accumulated project delay to 42 months. Upon enquiry, the Advisory Committee was provided with an update to figure III of the report of the Secretary-General, reproduced in the figure below, which contains revised start and end dates of the main stages and substages for the project, as well as information on the respective delays.

## 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/77/339) - August 2022.
-  Current/ revised project schedule (as of September 2023).

7. The Secretary-General provides an overview of procurement activities related to contract awards, wherein it is indicated that the main renovation works contract was awarded in August 2022, lot A of the conference and information technology systems contract was awarded in December 2022, and lot A of the artwork restoration component was awarded in September 2022. It is noted that lot C of the conference and information technology systems package had been initially procured through a systems contract but was put on hold to reflect upgrades to some elements of the broadcasting local area network at no additional cost to the United Nations, and that procurement is still ongoing in part for services related to artwork restoration lot B, with a partial award expected to have taken place in September 2023, while procurement for the permanent exhibition package was postponed and the award is expected in early 2024 owing to previous project delays (A/78/350, paras. 44–50). Despite the changes and delays indicated, the Secretary-General remains confident that the project will be delivered within the maximum approved project budget of \$56.9 million, which includes provisions for cost escalation and contingencies (ibid., para. 4).

8. Upon enquiry, the Advisory Committee was informed that the budget for cost escalation was almost entirely consumed owing to the late award of packages, and may be further consumed for those yet to be awarded, currently projected to cost \$200,000 more than initially estimated. The Committee was provided with a list of the respective contract packages and their estimated costs, reproduced in table 1 below.

Table 1  
Pending contracts and estimated costs

<i>Contract type</i>	<i>Statement of works</i>	<i>Original estimate (United States dollars)</i>	<i>Current estimate (United States dollars)</i>
Change order to the main works contract	Permanent exhibition: civil works and architectural finishes	150 000	200 000
Supply and installation	Permanent exhibition: technologies	550 000	600 000
Consultancy services	Minor artworks preservation	150 000	180 000
Consultancy services	Configuration and integration with the existing networks of information and communication technology systems	280 000	350 000
<b>Total</b>		<b>1 130 000</b>	<b>1 330 000</b>

9. Upon further enquiry, the Advisory Committee was informed that, with the exception of the broadcasting local area network package, which was being upgraded at the request of the end users, as well as the security elements of the main works that have been upgraded (*ibid.*, para. 8 (b)) to comply with the revised assessment made in 2022 following a state of emergency declared by the host country in November 2021 (see also [A/77/519](#)), the scope of the contracts remained the same and all construction contracts were signed with a fixed lump sum price, which transferred the risk of further cost escalation during the implementation period from ECA to the contractor. The Committee was further informed that, should the results of the bids for the packages in table 1 above confirm the estimated costs, ECA would look for potential value engineering options in order to reduce the cost and avoid exceeding the budget or, alternatively, consider using the remaining balance of the contingency to cover any additional costs. **The Advisory Committee, mindful that some of the packages yet to be awarded, namely those for the permanent exhibition and artworks restoration, would have symbolic significance for the preservation of the heritage of Africa Hall, trusts that any attempts to cut costs and employ value engineering methods will not have an adverse impact on the quality and scope of the work to be performed.**

## Risk management

10. The Secretary-General provides an update on risk management and the risk response measures to be taken to mitigate project risks in paragraphs 29 to 38 of his report. A sixth quantitative risk analysis (Monte Carlo simulation)<sup>1</sup> carried out in June 2023 indicates a confidence level of 32 per cent of delivering the project within the maximum approved overall budget of \$56.9 million ([A/78/350](#), para. 31 and figure I). While that has remained stable as compared with the previous simulation, the Secretary-General indicates that the current projection remains the lowest of simulations conducted over the period 2018–2021, and below the organizational target level of 80 per cent (*ibid.*, para. 31 and figure I). The sixth simulation also provided an updated cost-sensitivity analysis, with the top five risks identified, in descending order of magnitude, as: (a) timeliness of decision making (51 per cent); (b) owner-directed changes (45 per cent); (c) global market escalation (32 per cent);

<sup>1</sup> 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/77/7/Add.16](#), footnote 1).

(d) contractor capacity (27 per cent); and (e) lack of user involvement in commissioning and taking over (21 per cent) (ibid., para. 34 and figure II).

11. A comparison of the top five project risks for the period 2021–2024 is presented in table 2 of the report, and reproduced in table 2 below.

Table 2

**Top five project risks, 2021–2024**

<i>Previous top five risks (A/76/308, para. 30)</i>	<i>Previous top five risks (A/77/339, para. 31)</i>	<i>Current top five risks (A/78/350, para. 34)</i>
Main renovation works	Owner-directed changes	Timeliness of decision-making
Coronavirus disease (COVID-19)-related risks	Global market escalation (and force majeure)	Owner-directed changes
Contractor disputes/performance issues	Risks inherent to the main renovation works	Global market escalation (and force majeure)
Conference and information technology systems	Timeliness of decision-making	Contractor capacity
Owner-directed changes	COVID-19 related risks	Lack of user involvement in commissioning and taking over

12. The Advisory Committee notes that the risk of timeliness of decision-making has moved up to the top position, followed by the risk of owner-directed changes, and that the risks of contractor capacity and lack of user involvement in commissioning and taking over are new risks and relate, respectively, to potential financial difficulties facing the contractors and a reluctance on the part of users to adopt new methods of working required by the renovation of Africa Hall.

13. With regard to the risk of timeliness of decision-making, the Advisory Committee was informed, upon enquiry, that the risk mainly relates to possible delays in approving changes to established project baselines, which are inevitable given the complexity of the project and it currently being in the construction phase. To mitigate this risk, and drawing on lessons learned during the implementation of the early works phase, the project team reviewed the established change management procedure for its effectiveness and made adjustments to it in line with the established delegation of authority framework. The Committee was also informed, upon enquiry, that multiple layers of review and consequent late decisions were one of the main reasons for delays and that, while a new delegation of authority framework had been recommended by Headquarters to minimize the layers of approval, established organizational roles (for example those of the Office of Legal Affairs or the Office of the Controller), involved in decisions on the amendment of the United Nations General Conditions of Contract, were not subject to further optimization. Notwithstanding those considerations, the Committee was informed that the process established between the Division of Administration at ECA and the Global Asset Management Policy Service at Headquarters regarding the review and approval of changes to established project baselines had been streamlined since the early works stage, simplifying the change management process so as to better address project needs and allowing for a more effective management of changes, while keeping relevant stakeholders informed and involved, as needed.

14. Regarding the risk relating to contractor capacity, the Advisory Committee was informed, upon enquiry, that the risk reflected contractor capacity to operate in the Ethiopian context, in a landlocked country which is dependent on imports, with a low-skilled labour force and a lack of required technological materials. Contractors could

therefore have difficulties in procuring qualified labour locally or globally, which may have a deleterious impact on costs and timelines. In this regard, the Committee was informed that the contractor for the main renovation works is a firm from the United Arab Emirates, while the selected contractor for the conference and information technology systems package is a firm from Greece. In respect of the related mitigating factors, the Committee was informed, upon further enquiry, that the fixed lump sum procurement modality was the main limitation on the risk, due to the costs of escalation being transferred to the contractor (see also para. 9 above), and that tailored conditions of payment and early procurement were also contributing mitigating factors.

**15. The Advisory Committee, noting the additional upgrades and variations to the communications and information technology components, as well as those concerning security-related elements, is of the opinion that the project owner should make additional efforts to limit the risks within the scope of their control, such as owner-directed changes and the timeliness of decision-making, through, inter alia, early procurement, the use of systems contracts, as appropriate, transparent and competitive bidding, enhanced sharing of lessons learned with other construction projects and more agile collaboration with Headquarters on decision-making and change management procedures, so as to minimize all project-related risks and ensure that the Secretary-General delivers the project on time and within the budget approved by the General Assembly.**

### **Use of local materials and knowledge, energy efficiency and sustainability**

16. The Secretary-General highlights in his report that local expertise will be used to partially implement the artworks restoration package as part of the efforts to increase the use of local resources ([A/78/350](#), para. 52). In this regard, the Advisory Committee was informed, upon enquiry, that local knowledge is being used for the preservation and conservation of minor artworks, as well as through the employment of unskilled labour for demolition activities. The Committee was further informed, upon enquiry, that the permanent exhibition package would be provided by an international source as the state-of-the-art technologies envisaged were not available locally, and that most of the materials for the project would be sourced internationally, with the proviso that materials and technology installed be compatible with the local market, to the extent possible.

17. With respect to energy efficiency and sustainability, the Secretary-General indicates that, as nearly all previous tenants have returned to Africa Hall, thereby facilitating regular measurement, ECA is tracking electricity consumption in order to establish a consumption baseline by the end of 2023, while water consumption in renovated areas is minimal and is currently not being tracked. Upon enquiry, the Advisory Committee was informed that Africa Hall post-renovation would not be a net zero building, although technology to manage electricity and water usage would be installed and there were plans to integrate environmental and social considerations in the design and construction phase. An innovative and sustainable building “close to net zero”, with a minimal climate impact during its life cycle, is therefore envisioned, but true net zero would require a fully renewable electricity supply and increased space for generating solar energy. **The Advisory Committee, recalling its previous recommendation on the subject ([A/77/7/Add.16](#), para. 23), reiterates the importance of ensuring the use of locally sourced and manufactured materials, as well as local labour and expertise, considers that the local market may offer greater benefits for the effective and efficient implementation of the project and trusts that the Secretary-General will provide an update to the General Assembly on the options considered for the use of local capacity in his next progress report.**

With regard to energy efficiency and sustainability, the Committee trusts that the Secretary-General will finalize the establishment of an energy efficiency baseline and will provide a detailed update, including a projection of the related cost savings, to the General Assembly in the context of the next progress report.

### III. Project governance and management

18. The Secretary-General outlines in his report the project governance structure, including the meetings of the Stakeholders Committee and the Advisory Board that were held during the reporting period (A/78/350, paras. 10–15). An overview is also provided of coordination between ECA leadership and the Global Asset Management Policy Service of the Office of Programme Planning, Finance and Budget at Headquarters (ibid., paras. 16–17).

19. In his report, the Secretary-General also provides a list of temporary positions approved by the General Assembly in its resolutions 70/248 A and 75/253 A for the ECA project management team, namely: a Project Manager (P-5), who reports to the project executive, the Director of Administration of ECA; and a project team comprising an Architect/Engineer (P-4), a Contract Manager (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). It is also indicated that a temporary position of Project Coordinator (P-4) continues to be embedded with the Global Asset Management Policy Service at Headquarters and is being cost-shared between the Africa Hall renovation project at ECA and 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 approved by the Assembly in its resolution 71/272 A, along with the rest of the project management team, will be retained until the project's substantial completion in June 2024 (ibid., paras. 18–20 and para. 24).

20. The Secretary-General highlights in his report that, as originally planned during the pre-construction phase of the Africa Hall renovation project (see A/70/363, paras. 25 (b) and 56), six of the dedicated project management positions would be required past substantial completion and until project close-out, that is to say, over the 12-month defects liability period, until June 2025, and comprise the positions of: Project Manager (P-5), Contract Manager (P-3), Architectural/Civil/Structural Engineer (National Professional Officer), Mechanical/Electrical Engineer (National Professional Officer), Clerk of Works (National Professional Officer), and Administrative Assistant (Local level) (see A/78/350, para. 21 and table 1). Upon enquiry, it was confirmed to the Advisory Committee that the extension of the positions for the defects liability period was intended to address: (a) the proper handover of facilities to the end users; (b) an adequate rectification of defects identified at substantial completion of the project; and (c) compliance with the International Public Sector Accounting Standards (IPSAS) and financial close-out functions. **The Advisory Committee, noting that none of the positions proposed for retention until 2025 are meant to directly address functions of a financial nature, is of the view that further efficiencies can be found in the composition of the team proposed for retention until the end of the defects liability period and encourages the Secretary-General to explore alternative options for support in this regard, including through providing backstopping support from Headquarters for IPSAS and financial close-out activities, and to provide a revised proposal in the context of his next progress report.**



21. In paragraphs 51 and 55 of his report, the Secretary-General provides further detail on the consultancies engaged for the project, namely: (a) exhibition curation; and (b) artwork restoration. It is further indicated that ECA has continued to manage the contract with the lead consultancy firm, including minor changes for additional services.

## IV. Project costs

### Expenditure for 2023

22. Details of project expenditure as at 31 July 2023 and anticipated costs for 2024 are provided in the report of the Secretary-General (*ibid.*, paras. 68–72, table 4 and annexes I and II), in which he indicates that, in its resolutions [71/272 A](#), [72/262 A](#), [73/279 A](#), [74/263 A](#) and [77/263 A](#), the General Assembly appropriated a total amount of \$42,785,700 for the project for the period 2016–2023. Annex II to the report provides an overview of the revised cost plans since the project's inception.

23. The Secretary-General indicates that the cumulative expenditure as at 31 July 2023 was \$18,972,000, and the projected expenditure for the remainder of 2023 amounts to \$16,396,000. A balance of \$7,733,400 is projected to remain unused at the end of 2023 (*ibid.*, paras. 69–70 and table 4). Upon enquiry, the Advisory Committee was informed that the project expenditure at 30 September 2023 amounted to \$22,733,200. **The Advisory Committee trusts that the Secretary-General will provide an update with the latest available expenditure data on the project to the General Assembly at the time of its consideration of the present report.**

### Requirements for 2024

24. Details of the total projected resource requirements for 2024 in the amount of \$21,209,100 are provided in paragraph 71 and table 5 of the report and comprise:

(a) \$881,600 under section 18, Economic and social development in Africa, to provide for: (i) the continuation of the current dedicated management team and Project Coordinator (P-4) position at Headquarters (\$844,000); (ii) individual consultants providing expert knowledge to support the dedicated project team, upon demand (\$30,000); and (iii) travel of the project management team, restricted to the minimum required (\$7,600);

(b) \$20,167,200 under section 33, Construction, alteration, improvement and major maintenance, to provide for: (i) construction costs (\$18,137,700) for the implementation of the main renovation works, for installation of the conference and information technology systems and network, for the artwork restoration and the supply of necessary means for the permanent exhibition; (ii) professional service fees (\$1,674,200), including the services of the lead consultant to finalize the design and support the dedicated project team in construction management and construction supervision activities, and 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 (\$355,300) to cover inherent risks in case they materialize;

(c) \$160,300 under section 34, Safety and security, for security services provided by the six dedicated Security Officers.



## Escalation and contingency

25. Annex IV 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 \$8,031,600 in contingency funding and an amount of \$6,086,900 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 \$705,300 until project completion to provide necessary safeguards against unforeseen cost overruns and thereby compounding project implementation risks. **The Advisory Committee reiterates its concern at the progressive depletion of the project's contingency provisions, and trusts that the Secretary-General will provide an update to the General Assembly on any mitigating actions taken not to exceed the approved budget of \$56.9 million at the time of its consideration of the present report and in his next progress report.**

26. The Secretary-General indicates that, for 2024, \$21,209,100 will be partially funded from appropriations and assessments already made in previous years by Member States and the appropriation request in his report, as well as from unused received voluntary contributions. Given that the project funding is recorded under a multi-year construction-in-progress account, approved by the General Assembly in its resolution [70/248 A](#) (sect. IX, para. 27), the anticipated unused balance of \$7,417,700 at the end of 2023 will be carried forward and will partially cover the funding requirements in 2024 ([A/78/350](#), para. 72).

## V. Other matters

### Visitors' centre initiative

27. In paragraphs 60 and 61 of his report, the Secretary-General provides an overview of the visitors' centre initiative, including the fact that the original business case has been revised in line with the Advisory Committee's recommendations (see [A/77/7/Add.16](#), para. 8) and General Assembly requests to provide an update on revenue projections, fee structure, the start-up budget and funding plan for the centre. From the supplementary information provided to it, the Committee notes that ECA expected to formally open the visitors' centre in October 2024 and that the minimum annual visitor traffic projections amount to approximately 256,300, comprising 10 categories of visitors; upon enquiry, the Committee was informed that the corresponding minimum fee collection would be \$652,800 per annum. The Committee was further informed, upon enquiry, that sales from the souvenir shop as well as receipts from a virtual tour to be launched in the second year of operations would provide additional revenue for the centre. In respect of the updated fee structure, the Committee notes from the supplementary information that a four-tiered fee structure is envisioned with the aim of establishing fair and equitable access for all visitor categories. The Committee was informed, upon enquiry, that two categories of adults who may be eligible for free admission include senior citizens and United Nations staff. The Committee further notes from the supplementary information provided to it that the revised start-up funding requirements of the visitors' centre amount to a total of \$822,800, comprising: physical and material requirements (\$120,100); system development and subscription requirements (\$75,000); staffing requirements (\$478,500); requirements for advertising and promotion (\$110,000); and a 5 per cent provision for miscellaneous expenses (\$39,200). It is also indicated that, going forward, the annual operating budget of the centre would amount to \$727,700. **The Advisory Committee notes that the report of the Secretary-General indicates that start-up funding of \$1.15 million would be required for**

**the centre and trusts that further clarification of the difference in projections will be provided to the General Assembly at the time of its consideration of the present and related reports.**

28. With respect to the updated funding plan, it is indicated in the supplementary information that the salaries of all visitors' centre staff would be covered from both the regular budget under income section 3, Services to the public, and extrabudgetary funding, while estimated revenue collections would be used to cover operating costs. Upon enquiry as to the sustainability of its funding projections and the apparent gap in coverage of its annual operating requirements, the Advisory Committee was provided with a projected five-year cash flow statement for the centre, reproduced in table 3 below.

Table 3  
**Projected cash flow statement for the visitors' centre**  
(United States dollars)

<i>Cash flow from operating activities</i>	<i>Projected cash flow statement</i>				
	<i>Initial year</i>	<i>Second year</i>	<i>Third year</i>	<i>Fourth year</i>	<i>Fifth year</i>
Projected cash receipt from ticket sales (guided tours)	652 800	699 975	761 175	855 525	875 925
Projected cash receipt from virtual tour ticket sales	0	19 200	28 800	28 800	33 600
Projected cash receipt from book/souvenir sales	43 550	174 200	230 000	250 000	275 000
<b>Subtotal</b>	<b>696 350</b>	<b>893 375</b>	<b>1 019 975</b>	<b>1 134 325</b>	<b>1 184 525</b>
Projected cash paid for different requirements	822 752	946 246	1 018 187	1 095 112	1 134 162
<b>Projected cash to be generated from the overall operations</b>	<b>(126 402)</b>	<b>(52 871)</b>	<b>1 788.00</b>	<b>39 213</b>	<b>50 363</b>

29. **The Advisory Committee considers that projections for the visitors' centre at this stage include assumptions that will be tested for viability as activities are launched and trusts that the Secretary-General will provide an update and a revision, as necessary, of projections for the centre's operations in his next progress report.**

### **Implementation of the oversight bodies' recommendations**

30. In paragraphs 25 to 28 of his report, the Secretary-General indicates that the most recent internal audit report of the Office of Internal Oversight Services (OIOS) (2023/019) contained four recommendations, all of which were accepted by ECA and are under implementation. It is also indicated that all previous audit recommendations had been addressed and closed by December 2022. It is further highlighted that, over the reporting period, the Board of Auditors audited ECA, including the Africa Hall renovation project, and had made one recommendation, which was accepted by ECA, that the Administration diligently assess potential strategies for recovering losses and minimizing inefficiencies. The Secretary-General highlights that ECA, in coordination with the Office of Legal Affairs, has taken action against the members of the joint venture firm whose lead partner became bankrupt in 2019, and will include any outcome of such action in a forthcoming report.

31. Upon enquiry, the Advisory Committee was informed that direct losses to the United Nations as a result of the bankruptcy of the joint venture amounted to \$3.69 million and that, as advised by the Office of Legal Affairs, staff costs could not

be included in the Organization's claim. The Committee was further informed that the Secretariat has been in correspondence with joint venture representatives and, while recovery efforts were ongoing, no monies had been recovered and that, at this time, uncertainty remained as to what monies could be recovered. Upon further enquiry as to who was accountable for awarding the main renovation works contract to the failed contractor, the Committee was informed that the final award had been recommended by the Headquarters Committee on Contracts, approved by the Assistant Secretary-General for Supply Chain Management and accepted by the Executive Secretary of ECA as the head of entity, and that the Secretariat was unaware of any investigatory actions taken with respect to the award of the contract. **The Advisory Committee, concurring with the recommendation of the Board of Auditors, trusts that the Secretary-General will ensure accountability and resolutely pursue legal action for the recovery of losses incurred by the Organization and will provide an update on the tangible results of his efforts in his next progress report.**

## Resources for United Nations construction projects

32. The Advisory Committee requested information on the trends related to requirements from 2014 to 2024 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 the Economic Commission for Latin America and the Caribbean; (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.

33. 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 2024 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).

## VI. Conclusion

34. The recommendation of the Secretary-General on the proposed action to be taken by the General Assembly is set out in paragraph 74 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 \$13,475,700 for project activities in 2024 comprising: \$1,127,600 under section 18, Economic and social development in Africa; \$12,097,200 under section 33, Construction, alteration, improvement and major maintenance; and \$250,900 under section 34, Safety and security, of the programme budget for the year 2024, which would represent a charge against the contingency fund.**

## Annex I

## Revised cost plan

(Thousands of United States dollars)

	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	Total as reported in the current report	Total as reported in <a href="#">A/77/339</a>	Difference
<b>Section 33, Construction, alteration, improvement and major maintenance</b>													
<b>1. Construction costs</b>													
1.1 Building costs	—	—	54.6	354.3	14.7	—	13.5	15 329.5	15 329.5		31 096.1	31 073.7	22.4 <sup>a</sup>
1.2 Decanting works	—	—	459.5	1 357.9	129.3	42.6	79.6	—	—		2 068.9	2 137.3	(68.4) <sup>b</sup>
1.3 Conference and information technology systems	—	—	—	—	—	—	—	2 300.0	1 600.0		3 900.0	3 900.0	—
1.4 Artwork restoration	—	—	—	—	—	—	—	227.5	507.2		734.7	650.1	84.6 <sup>c</sup>
1.5 Permanent exhibition	—	—	—	—	—	—	—	—	701.0		701.0	701.0	—
<b>Subtotal, Construction costs</b>	<b>—</b>	<b>—</b>	<b>514.1</b>	<b>1 712.2</b>	<b>144.0</b>	<b>42.6</b>	<b>93.1</b>	<b>17 857.0</b>	<b>18 137.7</b>	<b>—</b>	<b>38 500.7</b>	<b>38 462.1</b>	<b>38.6</b>
<b>2. Professional services</b>													
2.1 Lead consultancy firm	1 104.7	1 621.1	960.5	538.3	308.8	303.5	440.0	1 197.8	1 649.9		8 124.6	8 124.5	0.1
2.2 Risk management firm	—	—	52.8	—	30.3	20.2	10.1	10.1	16.8		140.3	180.7	(40.4) <sup>d</sup>
2.3 Other services	1.6	10.4	49.6	26.2	—	—	—	2.5	7.5		97.8	112.8	(15.0) <sup>e</sup>
<b>Subtotal, Professional services</b>	<b>1 106.3</b>	<b>1 631.5</b>	<b>1 062.9</b>	<b>564.5</b>	<b>339.1</b>	<b>323.7</b>	<b>450.1</b>	<b>1 210.4</b>	<b>1 674.2</b>	<b>—</b>	<b>8 362.7</b>	<b>8 418.0</b>	<b>(55.3)</b>
<b>3. Escalation</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>473.8</b>	<b>(473.8)<sup>f</sup></b>
<b>4. Contingency</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>350.0</b>	<b>355.3</b>	<b>—</b>	<b>705.3</b>	<b>1 332.5</b>	<b>(627.2)<sup>g</sup></b>
<b>Subtotal, Escalation and contingency</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>350.0</b>	<b>355.3</b>	<b>—</b>	<b>705.3</b>	<b>1 806.3</b>	<b>(1 101.0)</b>
<b>Subtotal, section 33</b>	<b>1 106.3</b>	<b>1 631.5</b>	<b>1 577.0</b>	<b>2 276.7</b>	<b>483.1</b>	<b>366.3</b>	<b>543.2</b>	<b>19 417.4</b>	<b>20 167.2</b>	<b>—</b>	<b>47 568.7</b>	<b>48 686.4</b>	<b>(1 117.7)</b>
<b>Section 18, Economic and social development in Africa</b>													
<b>5. Project management</b>													
5.1 Dedicated project management and support	197.2	862.4	770.1	887.2	839.2	859.1	1 070.3	981.6	784.2	319.3	7 570.6	6 572.8	997.8 <sup>h</sup>
5.2 Dedicated coordinator at Headquarters	—	14.2	93.5	96.1	99.0	96.4	103.8	60.0	59.8	—	622.8	637.1	(14.3)

	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	Total as reported in the current report	Total as reported in <a href="#">A/77/339</a>	Difference
5.3 Consultancies and expertise	–	5.6	19.5	9.6	–	–	–	60.0	30.0	–	124.7	154.7	(30.0) <sup>i</sup>
5.4 Travel of project management team	16.5	20.5	37.7	15.6	–	–	–	7.0	7.6	–	104.9	109.9	(5.0)
<b>Subtotal, section 18</b>	<b>213.7</b>	<b>902.7</b>	<b>920.8</b>	<b>1 008.5</b>	<b>938.2</b>	<b>955.5</b>	<b>1 174.1</b>	<b>1 108.6</b>	<b>881.6</b>	<b>319.3</b>	<b>8 423.0</b>	<b>7 474.5</b>	<b>948.5</b>
<b>Section 34, Safety and security</b>													
<b>6. Security requirements</b>	–	26.7	104.1	113.7	123.6	(40.1)	93.7	322.6	160.3	–	904.6	735.4	169.2 <sup>j</sup>
<b>Subtotal, section 34</b>	<b>–</b>	<b>26.7</b>	<b>104.1</b>	<b>113.7</b>	<b>123.6</b>	<b>(40.1)</b>	<b>93.7</b>	<b>322.6</b>	<b>160.3</b>	<b>–</b>	<b>904.6</b>	<b>735.4</b>	<b>169.2</b>
<b>Total</b>	<b>1 320.0</b>	<b>2 560.9</b>	<b>2 601.9</b>	<b>3 398.9</b>	<b>1 544.9</b>	<b>1 281.7</b>	<b>1 811.0</b>	<b>20 848.6</b>	<b>21 209.1</b>	<b>319.3</b>	<b>56 896.3</b>	<b>56 896.3</b>	<b>–</b>
Funded by voluntary contributions	–	–	–	–	–	–	–	–	315.7	–	315.7	–	–
Funded by appropriations	1 320.0	2 560.9	2 601.9	3 398.9	1 544.9	1 281.7	1 811.0	20 848.6	20 893.4	319.3	56 580.6	–	–

<sup>a</sup> \$22,400 reflects construction change orders.

<sup>b</sup> \$68,400 reflects funds withheld from the contractor for rectifying defects.

<sup>c</sup> \$84,600 reflects the additional requirements for consultancies related to artwork restoration.

<sup>d</sup> \$40,400 reflects the reduced requirements due to the discontinuation of the contract with the risk management firm.

<sup>e</sup> \$15,000 reflects the projected reduced requirements based on previous years' expenditure.

<sup>f</sup> \$473,800 reflects the use of escalation, mainly to cover the additional costs for the project management team.

<sup>g</sup> \$627,200 reflects the use of contingency, mainly to cover the additional costs for project management and security.

<sup>h</sup> \$997,800 reflects additional resources required owing to project delays to cover the extension of the project management team.

<sup>i</sup> \$30,000 reflects the reduced requirements for consultancies at this stage of the project.

<sup>j</sup> \$169,200 reflects the increased requirements for security personnel during weekends and night shifts to cover the extended construction schedule.

## Annex II

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

Table 1

**Resources required for the period 2014–2024 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 2024 based on the projected annual expenditure**

(United States dollars)

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024 <sup>a</sup>
<b>Section 33, Construction, alteration, improvement and major maintenance</b>											
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	29 713 000	30 985 800
Stand-alone projects											
Strategic heritage plan <sup>b</sup>	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	26 347 900	23 402 700
Africa Hall <sup>c</sup>	–	–	6 092 600	6 092 700	4 644 700	7 937 600	7 577 100	–	–	2 811 200	12 097 200
Seismic mitigation	–	–	–	371 800	3 442 200	3 419 000	5 503 500	5 237 800	6 024 300	10 345 900	987 700
North Building renovation	–	–	–	–	80 000	445 000	103 300	1 424 500	5 158 800	615 600	9 622 600
Replacement of office blocks A–J	–	–	–	–	338 000	5 829 400	9 169 600	7 157 300	10 069 300	11 748 100	14 107 700
United Nations Office at Nairobi conference facilities	–	–	–	–	–	–	–	–	914 600	3 889 300	9 837 000
<b>Subtotal, stand-alone projects</b>	<b>15 346 400</b>	<b>28 499 400</b>	<b>39 522 500</b>	<b>17 396 300</b>	<b>33 904 900</b>	<b>49 440 800</b>	<b>56 584 900</b>	<b>66 940 800</b>	<b>89 138 800</b>	<b>55 758 000</b>	<b>70 054 900</b>
<b>Subtotal, section 33</b>	<b>49 063 000</b>	<b>62 420 100</b>	<b>66 071 500</b>	<b>43 908 600</b>	<b>57 052 700</b>	<b>73 004 600</b>	<b>71 046 100</b>	<b>79 764 500</b>	<b>112 742 800</b>	<b>85 471 000</b>	<b>101 040 700</b>
<b>Other sections</b>											
Section 18, Economic and social development in Africa (ECA/Africa Hall) <sup>c</sup>	–	–	480 000	773 300	905 400	964 500	752 000	–	–	3 100 900	1 127 600
Section 34, Safety and security (ECA/Africa Hall) <sup>c</sup>	–	–	–	37 600	150 200	29 000	105 000	–	–	331 900	250 900
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	253 600
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	510 100

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024 <sup>a</sup>
Section 29D, 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	887 800
Section 34, Safety and security (United Nations Office at Nairobi/ replacement of office blocks A–J)	–	–	–	–	–	–	225 100	51 600	83 700	233 300	165 000
Section 29D, Administration, Nairobi (United Nations Office at Nairobi/ conference facilities)	–	–	–	–	–	–	470 000	494 000	925 200	2 298 400	2 091 200
<b>Subtotal, other sections</b>	–	–	<b>480 000</b>	<b>1 316 500</b>	<b>1 916 000</b>	<b>3 056 200</b>	<b>3 840 500</b>	<b>2 553 500</b>	<b>3 544 400</b>	<b>7 760 600</b>	<b>5 286 200</b>
<b>Total</b>	<b>49 063 000</b>	<b>62 420 100</b>	<b>66 551 500</b>	<b>45 225 100</b>	<b>58 968 700</b>	<b>76 060 800</b>	<b>74 886 600</b>	<b>82 318 000</b>	<b>116 287 200</b>	<b>93 231 600</b>	<b>106 326 900</b>

*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.

<sup>a</sup> Before recosting.

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

<sup>c</sup> Resource requirements for 2024 are to be funded in part from the unspent balance at the end of 2023.



Table 2

**Resources required for the period 2014–2024 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 2024 based on an “upfront appropriation” approach**

(United States dollars)

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024 <sup>a</sup>
<b>Section 33, Construction, alteration, improvement and major maintenance</b>											
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	30 985 800
Stand-alone projects											
Strategic heritage plan <sup>b</sup>	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	137 153 400
Africa Hall	—	—	6 092 600	6 092 700	4 644 700	7 937 600	7 577 100	—	—	2 811 200	12 097 200
Seismic mitigation	—	—	—	371 800	3 442 200	3 419 000	5 503 500	5 237 800	6 024 300	10 345 900	987 700
North Building renovation	—	—	—	—	80 000	445 000	103 300	1 424 500	5 158 800	615 600	9 622 600
Replacement of office blocks A–J	—	—	—	—	338 000	5 829 400	9 169 600	7 157 300	10 069 300	11 748 100	14 107 700
UNON conference facilities	—	—	—	—	—	—	—	—	914 600	3 889 300	9 837 000
<b>Subtotal, stand-alone projects</b>	<b>15 346 400</b>	<b>28 499 400</b>	<b>39 522 500</b>	<b>17 396 300</b>	<b>33 904 900</b>	<b>49 440 800</b>	<b>56 584 900</b>	<b>66 940 800</b>	<b>89 138 800</b>	<b>193 527 700</b>	<b>183 805 600</b>
<b>Subtotal, section 33</b>	<b>49 063 000</b>	<b>62 420 100</b>	<b>66 071 500</b>	<b>43 908 600</b>	<b>57 052 700</b>	<b>73 004 600</b>	<b>71 046 100</b>	<b>79 764 500</b>	<b>112 742 800</b>	<b>228 742 700</b>	<b>214 791 400</b>
<b>Other sections</b>											
Section 18, Economic and social development in Africa (ECA/Africa Hall)	—	—	480 000	773 300	905 400	964 500	752 000	—	—	3 100 900	1 127 600
Section 34, Safety and security (ECA/Africa Hall) <sup>c</sup>	—	—	—	37 600	150 200	29 000	105 000	—	—	331 900	250 900
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	253 600
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	510 100
Section 29D, 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	887 800
Section 34, Safety and security (United Nations Office at Nairobi/ replacement of office blocks A–J)	—	—	—	—	—	—	225 100	51 600	83 700	233 300	165 000

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024 <sup>a</sup>
Section 29D, Administration, Nairobi (United Nations Office at Nairobi/ conference facilities)	–	–	–	–	–	–	470 000	494 000	925 200	2 363 300	2 091 200
<b>Subtotal, other sections</b>	–	–	480 000	1 316 500	1 916 000	3 056 200	3 840 500	2 553 500	3 544 400	7 825 500	5 286 200
<b>Total</b>	<b>49 063 000</b>	<b>62 420 100</b>	<b>66 551 500</b>	<b>45 225 100</b>	<b>58 968 700</b>	<b>76 060 800</b>	<b>74 886 600</b>	<b>82 318 000</b>	<b>116 287 200</b>	<b>236 568 200</b>	<b>220 077 600</b>

*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.

<sup>a</sup> Before recosting.

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

<sup>c</sup> Resource requirements for 2024 are to be funded in part from the unspent balance at the end of 2023.

Table 3

**Resources required for the period 2014–2024 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 2024 based on an “equal annual amount” approach**

(United States dollars)

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024 <sup>a</sup>
<b>Section 33, Construction, alteration, improvement and major maintenance</b>											
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	30 985 800
Stand-alone projects											
Strategic heritage plan <sup>b</sup>	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	45 754 300
Africa Hall	–	–	6 092 600	6 092 700	4 644 700	7 937 600	7 577 100	–	–	2 811 200	12 097 200
Seismic mitigation	–	–	–	371 800	3 442 200	3 419 000	5 503 500	5 237 800	6 024 300	10 345 900	987 700
North Building renovation	–	–	–	–	80 000	445 000	103 300	1 424 500	5 158 800	615 600	9 622 600
Replacement of office blocks A–J	–	–	–	–	338 000	5 829 400	9 169 600	7 157 300	10 069 300	11 748 100	14 107 700
UNON conference facilities	–	–	–	–	–	–	–	–	914 600	3 889 300	9 837 000
<b>Subtotal, stand-alone projects</b>	<b>15 346 400</b>	<b>28 499 400</b>	<b>39 522 500</b>	<b>17 396 300</b>	<b>33 904 900</b>	<b>49 440 800</b>	<b>56 584 900</b>	<b>66 940 800</b>	<b>89 138 800</b>	<b>111 488 300</b>	<b>92 406 500</b>
<b>Subtotal, section 33</b>	<b>49 063 000</b>	<b>62 420 100</b>	<b>66 071 500</b>	<b>43 908 600</b>	<b>57 052 700</b>	<b>73 004 600</b>	<b>71 046 100</b>	<b>79 764 500</b>	<b>112 742 800</b>	<b>146 703 300</b>	<b>123 392 300</b>
<b>Other sections</b>											
Section 18, Economic and social development in Africa (ECA/Africa Hall) <sup>c</sup>	–	–	480 000	773 300	905 400	964 500	752 000	–	–	3 100 900	1 127 600
Section 34, Safety and security (ECA/Africa Hall) <sup>c</sup>	–	–	–	37 600	150 200	29 000	105 000	–	–	331 900	250 900
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	253 600
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	510 100
Section 29D, 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	887 800
Section 34, Safety and security (United Nations Office at Nairobi/ replacement of office blocks A–J)	–	–	–	–	–	–	225 100	51 600	83 700	233 300	165 000

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024 <sup>a</sup>
Section 29D, Administration, Nairobi (United Nations Office at Nairobi/ conference facilities)	–	–	–	–	–	–	470 000	494 000	925 200	2 363 300	2 091 200
<b>Subtotal, other sections</b>	–	–	<b>480 000</b>	<b>1 316 500</b>	<b>1 916 000</b>	<b>3 056 200</b>	<b>3 840 500</b>	<b>2 553 500</b>	<b>3 544 400</b>	<b>7 825 500</b>	<b>5 286 200</b>
<b>Total</b>	<b>49 063 000</b>	<b>62 420 100</b>	<b>66 551 500</b>	<b>45 225 100</b>	<b>58 968 700</b>	<b>76 060 800</b>	<b>74 886 600</b>	<b>82 318 000</b>	<b>116 287 200</b>	<b>154 528 800</b>	<b>128 678 500</b>

*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.

<sup>a</sup> Before recosting.

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

<sup>c</sup> Resource requirements for 2024 are to be funded in part from the unspent balance at the end of 2023.