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P O L I C Y

UNITED NATIONS POPULATION FUND

Report by the Executive Director  
on the status of remodelling of UNFPA premises

## I. SUMMARY

1. The purpose of this paper is to apprise the Governing Council of recent developments in the Fund's efforts to remodel its headquarters premises, particularly as concerns revised cost estimates and the source of funds to cover these costs, and to request Council authorization to exceed the approved amount of \$1 million for remodelling, which included savings in other items in the budget of \$200,000. Total outlays are currently estimated at \$1.9 million, with the additional \$900,000 to be covered by transferring funds appropriated in the 1988-1989 biennial budget from other Programmes to Programme II. In conformity with UNFPA's Financial Regulation 11.5, the proposal for transferring credits between Programmes of the biennial budget, as required, will be submitted to the Advisory Committee on Administrative and Budgetary Questions (ACABQ) for its concurrence.

## II. BACKGROUND: REVISED ESTIMATES FOR REMODELLING OF UNFPA HEADQUARTERS

2. In the revised budget estimates for the 1988-1989 biennium (DP/1988/39), submitted to the Council at its thirty-fifth session, the Executive Director proposed a one-time provision of \$900,000 for the remodelling of UNFPA headquarters premises. She noted that the \$4.6 million for 1988-1989 approved by the Council at its thirty-fourth session was for the rental and maintenance of UNFPA's headquarters at the Daily News Building (17th, 18th and 19th floors), that no funds were available for remodelling of the UNFPA premises, and that UNFPA headquarters had not been remodelled since 1981 when the Fund moved to its present location.

3. During the deliberations of the Governing Council, the Deputy Executive Director, in response to questions on the remodelling of UNFPA premises and offices, explained that the Fund had received comprehensive budget estimates for renovating headquarters' offices. Total costs were projected at \$1,023,988, inclusive of architect's and engineering fees. This would cover the demolition of some existing partitions, installation of new heating/ventilation/air-conditioning ducts, construction of new partitions, electrical work, painting, as well as new carpeting. The Deputy Executive Director noted, however, that the estimates presented to the Governing Council were based solely on the plans prepared by the architect hired by UNFPA and that a more definitive costing could be known only after specific bids had been submitted for actual construction.

4. Based on the information provided by UNFPA, the Governing Council decided in decision 88/36, paragraph 14, "to include under Programme II of the APSS budget for the biennium 1988-1989 an additional appropriation of \$800,000 for renovation of the headquarters office, with the total outlay for this activity not to exceed \$1 million, and the difference between the appropriation and the overall ceiling to be derived from savings in the APSS budget". At the same time, it was noted by several delegates that actual final costs of remodelling of premises could vary considerably compared with the original estimate. It was also recognized that architects' plans often vary significantly from actual firm bids and detailed cost breakdowns.

5. In the fall of 1988, UNFPA completed the first phase of the remodelling of its offices, refurbishing the 19th floor at a cost of \$223,000. The 19th floor was renovated first because it had a number of vacant offices (previously used by the External Auditors), open spaces and conference rooms that could be used as swing space for staff and equipment while offices were being remodelled. As the remodelling of the 19th floor proceeded, the UNFPA management became increasingly dissatisfied with the services of the architect. Thus, upon completion of the remodelling of the 19th floor, the Fund released the architect and hired another architect recommended by UNDP management on the basis of his experience working with UNDP and his familiarity with UNDP and United Nations office and work station configurations.

6. The new architect reviewed existing plans and analyzed UNFPA's space requirements. He concluded that the plans prepared by the original architect were flawed in that office space and work stations for General Service staff were inadequate, particularly in comparison to those of UNDP. He pointed out that UNDP had more space per person than UNFPA and that unless UNFPA increased the amount of space allotted for each person the remodelling simply could not achieve its primary objective of providing more space and improving working conditions for General Service staff. The new architect thus concluded that the renting of additional space was inevitable.

7. Based on the new architect's findings and recommendations, UNFPA contacted the Management Company of the Daily News Building concerning the availability of space. After several consultations, the Management Company offered an area of approximately 12,000 square feet on the 21st floor. The addition of this space would greatly improve the working conditions of UNFPA's General Service staff, while maintaining current standards for the Fund's Professional staff (which incidently are also lower than those of UNDP).

8. The Executive Director wishes to stress that the request now before the Council is a request not for an increase in the appropriation but for a change in the use of an existing appropriation. Such a request would normally be addressed only to the ACABQ, as stipulated in Governing Council decision 88/36, paragraph 21, which "authorizes the Executive Director to transfer credits between programmes of the APSS budget within reasonable limits, with the concurrence of the Advisory Committee on Administrative and Budgetary Questions". However, since the Council had set a limit on the total outlay for the remodelling (see para. 14 cited above), the Executive Director herewith requests that the Council raise this limit from \$1 million to \$1.9 million. The additional costs would be covered with funds that have already been appropriated by the Governing Council for 1988-1989, primarily from savings which would be realized both at headquarters and in the field because of delays in recruitment of staff throughout 1988 and 1989. No increases in the approved appropriations of the APSS budget will be required. A summary of the new estimates is contained in Section III below.

9. In accordance with Regulation 11.5 of UNFPA's Financial Regulations, the Executive Director will request the concurrence of the Advisory Committee on Administrative and Budgetary Questions to the transfer of credits as required from other programmes to Programme II of the APSS budget to cover expenses to be incurred in connection with the remodelling of UNFPA premises.

III. NEW ESTIMATES FOR 1988-1989

10. The new estimates are as follows:

USES OF FUNDS

1. Rental costs

Additional 12,000 square feet of office space at a rental cost of about \$35 per sq ft. for 9 months in 1989 \$ 315,000

2. Remodelling cost (including architect's and engineering fees)

Remodelling of 19th floor (actual) \$ 223,000  
Remodelling of 17th & 18th floors \$ 832,000

3. Other construction costs

New office space on 21st floor \$ 410,000

5. Other costs related to swing activity (moving expenses, phone hook up) \$ 120,000

Total estimated costs \$1,900,000

SOURCES OF FUNDS

1. Funds appropriated by the Governing Council for remodelling (decision 88/36, para. 14) \$ 800,000

2. Savings from approved appropriations of the 1988-1989 APSS budget as initially foreseen in decision 88/36, paragraph 14 \$ 200,000

3. Additional savings estimated from the approved appropriations of the 1988-1989 APSS budget \$ 900,000

Total required funds \$1,900,000

## IV. RECOMMENDATION

11. The Executive Director requests authority from the Council to exceed the previously approved total outlay for remodelling of UNFPA headquarters of \$1 million by an additional \$900,000. All expenditures will be covered by funds already appropriated by the Governing Council for the 1988-1989 biennial budget. The Executive Director will report on the progress of the remodelling to the Council at the thirty-sixth session in June 1989.

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