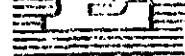


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ECONOMIC COMMISSION FOR LATIN AMERICA
COMMITTEE OF THE WHOLE
Sixth session
Santiago, Chile, 7 April 1958

PROPOSALS FOR THE FINANCING OF A UNITED NATIONS
BUILDING IN SANTIAGO, CHILE

(Report by the Secretary-General, with a note
by the ECLA secretariat)

NOTE BY THE SECRETARIAT

At its seventh session (La Paz, Bolivia, 15-29 May 1957), the Commission, after taking note of the generous offer by the Government of Chile to transfer to the United Nations a plot of land for the establishment of the Organization's offices in Santiago, adopted resolution 138 (VII), the text of which is as follows:

The Economic Commission for Latin America

Takes note with satisfaction of the promulgation by the Government of Chile of Act. N° 12,437, dated 5 February 1957, under the terms of which the President of the Republic of Chile is empowered to transfer free of charge to the United Nations part of the property situated in the area known as Vicatura Park, adjacent to the city of Santiago,

Takes note, likewise, that the provision of adequate premises in Vitacura Park will enable ECLA to carry out more efficiently the important tasks incumbent upon it,

Decides:

1. To place on record the gratitude of the member countries for the valuable contribution offered by the Government of Chile to the work of the Economic Commission for Latin America;

2. To appoint a Committee composed of representatives of the Governments of Argentina, Brazil, Chile, Ecuador, Mexico, Uruguay and Venezuela which, through the Executive Secretary of ECLA, may present to the Secretary-General of the United Nations such recommendations as it may deem advisable with respect to the best procedure for erecting a building on the site offered by the Government of Chile, and, likewise, may invite the Secretary-General to submit to the General Assembly, after consultation with the Governments members of the Commission, such proposals as he may deem appropriate for the fulfilment of this purpose.

Pursuant to this resolution, the Ad Hoc Committee on a Building for ECLA met at La Paz, and, after due discussion, presented a report (E/CN.12/AC.39/1) which was transmitted to the Secretary-General of the United Nations. This document, originally issued for limited distribution, is reproduced below.

REPORT TO THE SECRETARY-GENERAL ON PROPOSALS
FOR FINANCING A BUILDING FOR ECLA

The Committee composed of representatives of the Governments of Argentina, Brazil, Chile, Ecuador, Mexico, Uruguay and Venezuela, established by resolution 138 (VII) of the seventh session of the Economic Commission for Latin America, for the purpose of studying the offer made by the Chilean Government of a plot of land in the Parque de Vitacura, near Santiago, met in La Paz, on 28 May 1957, at 6.30 p.m.

The Committee's terms of reference directed it to prepare suggestions on financial and legal measures that might facilitate the construction of a building and facilities for ECLA's headquarters in Santiago. Those suggestions would be transmitted to the Secretary-General of the United Nations, through the Executive Secretary of ECLA.

The Committee heard from the Executive Secretary a statement to the effect that the area offered by the Chilean Government in the Parque de Vitacura was satisfactory, as regards both size and location, for the construction of facilities that would enable ECLA to operate more efficiently than is possible at present, in rented premises.

The Committee accordingly expressed the view that the proposal of the Chilean Government presented a number of advantages and should be given earnest consideration by the Secretary-General of the United Nations, with a view to devising financial and legal schemes that would render possible the prompt construction of ECLA's headquarters, without placing undue financial burdens on the Governments, and taking into account the right of the Economic and Social Council to decide on the location and operations of the Regional Commissions.

With respect to the schemes of financing, the Committee stated its desire to submit to the Secretary-General of the United Nations, through the Executive Secretary of ECLA, the following suggestions:

(a) On the assumption that construction costs, at current prices, could be estimated at a sum between 800,000 and 1,000,000 dollars, the Governments members of ECLA would extend to the United Nations an interest-free loan covering 75 per cent of the estimated cost; it being further assumed that the balance would be borne by the United Nations out of current funds. The Governments should make their contribution in two equal annual instalments.

(b) If construction costs were to increase through price variations, the additional cost would be borne by the United Nations; if such an increase in construction costs were due to additional facilities requested by the specialized agencies, this should be charged to the budget of the agencies concerned;

/(c) The loan

(c) The loan advanced by the contributing Governments members of ECLA should be amortized over a period of years, by deducting from their yearly contribution to the budget of the United Nations an amount distributed pro rata among those countries and equivalent to the rental costs of comparable premises in Santiago;

(d) The specialized agencies could be given the option either of financing the construction of facilities reserved for their regional offices, or of renting space, if available, from ECLA's new headquarters; in the latter case, the lease payments should be used, on a pro rata basis, for amortization of the loan advanced by member Governments in the form outlined in paragraph (c).

The Committee, in recommending the study of practical measures for acceptance of the Chilean offer, pointed out that this should not be construed as prejudicing the freedom of action of the Economic and Social Council in deciding on the location and terms of operation of the Regional Commissions; it being understood that were the Economic and Social Council to find it necessary to alter its policy in relation to the Regional Commissions, appropriate negotiations would be conducted to determine the ultimate disposal of the property.

The Committee recommended that the Secretary-General of the United Nations, after studying in more detail the financial, legal and material aspects of the problem, should consult with the Governments members of ECLA with a view to ascertaining their reactions and suggestions, before submitting his report to the General Assembly.

In August 1957, the Secretary-General, after consideration of the document reproduced above, and in view of the fact that in due course the Government of Chile renewed its offer to him directly, proposed that this item should be included in the agenda of the twelfth session of the General Assembly.^{1/} The Secretary-General presented a report to the Assembly in which he expressed the opinion that the generous offer of land made by the Government of Chile "could be accepted by the General Assembly at its twelfth session without the necessity of the Assembly making at the same time a long-term financial commitment in respect of any subsequent building costs", and recommended that he should be authorized to "work out, for submission to the thirteenth session of the General Assembly, detailed architectural plans for premises and to consult with members of ECLA on the supporting financial arrangements, subject to such conditions and directives as the General Assembly may meanwhile lay down".^{2/}

^{1/} See document A/3461 (annex I).

^{2/} See document A/C.5/712 (annex II).

On 20 December 1957, the General Assembly adopted resolution 1224 (XII) the text of which is as follows:

RESOLUTION ADOPTED BY THE GENERAL ASSEMBLY
[on the report of the Fifth Committee (A/3799)]

1224 (XII). Offer by the Government of Chile of land in Santiago to be used as office site for the United Nations and other international organizations

The General Assembly,

Having regard to the reports of the Secretary-General^{1/} concerning the offer by the Government of Chile to transfer to the United Nations, free of charge, a plot of land in Santiago for the construction of a building to house United Nations and specialized agency offices located in Chile,

Taking note of resolution 138 (VII) of the Economic Commission for Latin America, of 28 May 1957, which was transmitted to the Secretary-General for consideration by the the General Assembly at its twelfth session, and the report of the ad hoc committee on a building for the Economic Commission for Latin America established within that Commission pursuant to the said resolution,

Considering, in the light of the details given in the Secretary-General's report, ^{2/} the indubitable advantages presented by the offer of the Government of Chile for improved conduct of the work of the United Nations in Latin America,

Considering that the construction of such a building will make possible the establishment of common services for the United Nations and the specialized agencies having offices at Santiago, which has been repeatedly requested at various meetings of United Nations organs concerned with administrative matters,

Considering the need for effective measures to ensure that this plan is executed in the most satisfactory manner possible,

1. Requests the Secretary-General to accept with thanks the generous offer of the Government of Chile;

^{1/} A/3641 and A/C.5/712

^{2/} A/C.5/712

2. Authorizes the Secretary-General to open with Governments of States members of the Economic Commission for Latin America such negotiations as may be necessary with regard to the financing of the construction of the United Nations building at Santiago, and to convene such meetings with representatives of those Governments as he may deem desirable;

3. Requests the Secretary-General to present to the General Assembly at its thirteenth session, in accordance with the proposals he has made, detailed plans for the construction of the building, together with final financial arrangements and such observations thereon as may be made by the Advisory Committee on Administrative and Budgetary Questions.

Having assembled all this background information, the ECLA secretariat has the honour to present to the Committee of the Whole, at its sixth session, the following report by the Secretary-General on proposals for financing a United Nations building in Santiago, Chile, so that the Committee may take note of the present position with respect to this important matter and may transmit the aforesaid proposals to the Governments members of the Commission.

/PROPOSALS

PROPOSALS FOR FINANCING A UNITED NATIONS -
BUILDING IN SANTIAGO, CHILE

(Report by the Secretary-General)

1. Pursuant to General Assembly resolution 1224 (XII), the Secretary-General wishes to place before the Committee of the Whole of the Commission his comments upon the proposals for financing a United Nations building at Santiago, which were submitted to him by the Ad Hoc Committee established by the Commission at its seventh session (E/CN.12/AC.39/1). It is the intention of the Secretary-General to consult with the Advisory Committee on Administrative and Budgetary Questions at mid-year, and subsequently to present to the General Assembly, at its thirteenth session, detailed plans for the construction of the building, together with recommendations concerning financial arrangements and such observations thereon as may be made by the Advisory Committee.

2. At the present time, negotiations are under way with the Government of Chile for transfer of ownership of the land on which the building is to be located, and additionally, work is proceeding on the preparation of firm cost estimates, based upon over-all architectural plans of a general nature. In drawing up these general plans, account is being taken of the future requirements of all United Nations units with offices in Chile and also the possibility of FAO occupancy, as reported to the General Assembly (A/C.5/712 paragraph 10). Concerning possible occupancy by FAO, special arrangement would be concluded with FAO in due course, because of existing arrangements between the host Government and that agency. It is established United Nations financial practice that rental income be credited as miscellaneous income to the Organization as a whole, and be taken into account in establishing the assessments of all United Nations. Income from any rental arrangements at a United Nations building in Santiago would need to be treated in the same manner.

3. The proposals of the ECLA Ad Hoc Committee concerning financial arrangements for construction of a building were that ECLA member Governments should extend interest-free loans to the United Nations to cover 75 per cent of estimated construction cost, the balance of cost being borne by the United

/Nations budget

Nations budget; and that amortization of the loans thus made take place over a number of years as credits against the annual contributions of the members concerned.

4. ECLA member Governments will undoubtedly realize the importance of presenting a firm financial arrangement to the forthcoming General Assembly. In this light, the Secretary-General believes that determining the contributions as fixed amounts rather than as a percentage of the estimate costs will open the way for a concrete and immediate pledge of funds by ECLA member Governments. Pledges of contributions, although subject to legislative or other approval as they might be under the laws of ECLA member Governments, would unquestionably expedite the suitable consideration of the matter by the Advisory Committee on Administrative and Budgetary Questions and the General Assembly.

5. In this connexion the Secretary-General hopes that ECLA member Governments would agree to make their loan in an amount equal to the total estimate cost of construction of the building, in view of the fact that, in accepting the offer of land, the General Assembly does not appear to have intended to increase the level of budgetary expenses significantly above that called for by the present rental arrangement.

6. Assuming that construction costs are estimated at \$840,000 and that a loan to cover this entire amount is shared on an equal basis, the twenty-four ECLA members could consider pledging, in principle, individual amounts of \$35,000 each, to be repaid to them in full by the United Nations as indicated in paragraph 9.

7. After ECLA member Governments have entered their pledges for contributions and pending General Assembly action, they will have the opportunity to initiate the steps which might be necessary under their laws for the authorization of the payments of their contributions to the United Nations. Immediately following action by the General Assembly, the Secretary-General will open consultations with ECLA member Governments pursuant to resolution 1224 (XII) with a view to determining the earliest possible target date on which the Governments will be ready to sign individual loan agreements with the United Nations for the amount which may be required.

/8. As regards

8. As regards the method of payment, the Secretary-General believes the payment in two equal instalments (1959 and 1960) would be satisfactory. In order to start construction as early as possible, the first instalment would require to be available for expenditure immediately after signature of the loan agreements. Accordingly, it will be the intention of the Secretary-General to suggest inserting a clause in the loan agreements under which the lending Government will undertake to make payment of 50 per cent of the amount of its loan within three months from the date of signature, while the second instalment may be paid within one year from the date of signature.

9. The report of the ECLA Ad Hoc Committee suggests that repayment of the loan should take place over a period of years, by deducting from the yearly contributions of ECLA members to the budget of the United Nations an amount distributed pro rata among those countries and equivalent to the rental costs of comparable premises in Santiago. The Secretary-General sees no difficulty in the proposal to treat the repayment amounts as credits against the annual assessed contributions of the members. However, he does not believe that it is desirable to introduce the factor of annual changes in the local rental cost of comparable premises in Santiago. He proposes, rather, that fixed amortization amounts be included in successive annual United Nations budgets so as to liquidate the loan within a pre-determined period. Assuming a period of 25 years, and that the total sum advanced by each ECLA member is \$35,000, the Secretary-General would effect reimbursement of this sum in equal instalments during the period of amortization by means of annual credits of \$1,400 to the member. In this connexion, the reason for suggesting a period of 25 years is that the total annual amortization amount would then bear a close resemblance to the amount which would otherwise have had to be included in the annual United Nations budget for the rental of premises by United Nations units (other than FAO) located in Santiago. In effect, the annual amortization amount in the United Nations budget could take the place of the amount which United Nations Members would have paid for rental of similar premises. The Secretary-General would propose commencing with the amortization payments during the year following occupancy of the new building.

Annex I

PROVISIONAL AGENDA OF THE TWELFTH SESSION OF THE GENERAL ASSEMBLY:
ITEM PROPOSED BY THE SECRETARY-GENERAL

OFFER BY THE GOVERNMENT OF CHILE OF LAND IN SANTIAGO TO
BE USED AS OFFICE SITE FOR THE UNITED NATIONS AND OTHER
INTERNATIONAL ORGANIZATIONS

Explanatory memorandum by the Secretary-General

1. By a letter dated 26 February 1957, the Permanent Representative of Chile notified the Secretary-General that the Chilean Government had, on 5 February 1957, promulgated a law authorizing the President of Chile to transfer land for the purpose of constructing a building to serve as office space for the United Nations and certain other organizations. One of the conditions of the transfer of property is that work on construction of the building must be started within one year from the date of the promulgation of the law.
2. The Economic Commission for Latin America, at its seventh session held in La Paz in May 1957, in anticipation of the formal offer of land, appointed an Ad Hoc Committee composed of Argentina, Brazil, Chile, Ecuador, Mexico, Uruguay and Venezuela, for the purpose of making recommendations regarding the offer of the Chilean Government and formulating plans for the financing and construction of the building. The committee's proposals were subsequently communicated to the Secretary-General.
3. Thus, the Secretary-General has proposed the inclusion in the agenda of the twelfth session of the General Assembly^{1/} of the item "Offer by the Government of Chile of land in Santiago to be used as office site for the United Nations and other international organizations". The Secretary-General is discussing with the Government of Chile the details of the offer, and he will submit a further report on the question for consideration by the General Assembly during the twelfth session.

^{1/} See A/3610, item 50.

Annex II

OFFER BY THE GOVERNMENT OF CHILE OF LAND IN SANTIAGO
TO BE USED AS OFFICE SITE FOR THE UNITED NATIONS AND
OTHER INTERNATIONAL ORGANIZATIONS

Report of the Secretary-General

I. Introduction

1. The offer by the Government of Chile to transfer to the United Nations, free of charge, a plot of land in Santiago to be used by the United Nations for the construction of a building in which all United Nations and specialized agency offices located there could be accommodated was communicated to the General Assembly in a previous report (A/3641). The present report gives a fuller picture of the circumstances of the offer aimed to facilitate consideration of the matter by the General Assembly.
2. The initiative taken by the Government of Chile through its generous and timely offer is warmly welcomed by the Secretary-General. Functionally, the space currently rented by the various United Nations units working in Santiago is by no means satisfactory. For the United Nations to have its own premises in Santiago would make it possible to rationalize space arrangements in relation to developing needs, including the increasing desirability of establishing common services for the units in the area.
3. The Secretary-General is particularly gratified that the Chilean Government will allow him to choose within the geographical area specified by the Chilean law whatever location would be best suited for United Nations purposes. It is also a matter of gratification to the Secretary-General that the Government of Chile is prepared to undertake certain responsibilities for the development, paving, drainage and maintenance of the area and that it intends to enter into a special site agreement, covering immunities, privileges and other facilities relating to the property, the ownership of which would be transferred to the United Nations.
4. The Secretary-General believes that for its consideration of the matter the General Assembly would wish to have before it an indication of the financial arrangements which have been envisaged for erecting a building on the site, together with an appraisal of the space requirements for the various United Nations units working in Santiago. These questions are dealt with in turn in the following sections of the present report.

/II. Financial

II. Financial Arrangements for Construction

5. The Economic Commission for Latin America at its seventh session held in May, 1957, took note of the promulgation of the Chilean Act of 5 February 1957 and placed on record the gratitude of the member countries for the valuable contribution offered by the Government of Chile to the work of the Economic Commission for Latin America. In the same resolution, the Commission decided to establish an Ad Hoc Committee composed of representatives of the Governments of Argentina, Brazil, Chile, Ecuador, Mexico, Uruguay and Venezuela. The Commission entrusted to this Ad Hoc Committee the task of presenting to the Secretary-General such recommendations as it might deem advisable with respect to the best procedure for erecting a building on the site offered by the Government of Chile. In addition, the Committee was authorized to invite the Secretary-General to submit to the General Assembly, after consultation with the Governments members of the Commission, such proposals as he might deem appropriate for the fulfillment of this purpose. The resolution of the Commission and the subsequent report of the Ad Hoc Committee are reproduced in an annex to the present report.^{1/}

6. The Ad Hoc Committee's report, which became available after the Commission had concluded its seventh session, was sent to the Secretary-General and also distributed to Governments members of ECLA. The Secretary-General welcomes the constructive suggestions put forward by the ECLA Ad Hoc Committee. Most particularly, he welcomes the provision for interest-free loans to be provided by the Governments members of ECLA, since such loans will constitute an advantageous working basis for financing the construction of a United Nations building in Santiago.

7. The Ad Hoc Committee, in the penultimate paragraph of its report, has recommended that the Secretary-General, after studying in more detail the financing, legal and material aspects of the problem, should consult

^{1/} The text referred to is incorporated in the Note by the Secretariat with which this document opens.

/with the

with the Governments members of ECLA with a view to ascertaining their reactions and suggestions, before submitting his report on these matters to the General Assembly. The Secretary-General has felt, however, that a preferable first step would be to receive from the General Assembly its approval to accept the Chilean offer of land. When this step has been taken, the Secretary-General could proceed immediately with the detailed consultations as regards the financing of building costs. In these further consultations, the Secretary-General would propose to take fully into account the normal policies of the United Nations governing financial transactions as well as the practices followed for the Headquarters site in so far as the latter are relevant.

III. Appraisal of Space Requirements

8. At present, the following United Nations offices are located in Santiago: the Secretariat of ECLA, the Office for Latin America of the United Nations Technical Assistance Administration, the Regional Office for Latin America of the Food and Agriculture Organization, the Office of the United Nations Children's Fund (UNICEF) for Chile, and the Office of the Resident Representative in Chile of the Technical Assistance Board. The total permanent staff of these offices is approximately 200 persons, supplemented from time to time by a number of technical assistance experts, and, in some cases, by Chilean staff made available as part of a particular organization's agreement with the Chilean Government. These units are housed in different buildings. With the exception of TAA and ECLA, each has separate administrative services. ECLA, which has the largest office in Santiago, is housed in a nine-story apartment building, constructed approximately 20 years ago. By its nature, this building is not well suited for use as an office because of the smallness of the rooms, the considerable number of kitchens and bathrooms and the relatively large corridor space. FAO occupies a three-story apartment building, which suffers from the same disadvantages. UNICEF, which has a staff of only three persons, occupies an apartment. TAA occupies a six room apartment, while TAB is accommodated in the Chilean Foreign Ministry.

/As regards

As regards the contractual status of the organizations with the owners of the respective buildings, ECLA has a rental agreement which runs until 1 March 1963, with an option to terminate on 1 March 1960. FAO recently concluded a two-year lease, which expires early in 1959. In the case of FAO, the rental is paid by the Chilean Development Corporation as part of FAO's agreement with the host Government. TAA has a one-year contract, terminating late this year. UNICEF has also an annual contractual arrangement.

9. As regards future requirements, considering that the space at present occupied by ECLA is insufficient for existing needs and bearing in mind the possibility of a limited amount of programme growth in the years to come, and taking account also of possible unforeseen needs over the next decade, it is estimated that the requirements for office space of ECLA should be planned to allow approximately 50 per cent more space than is now available. FAO reports that its present office is too small for the existing staff and technical assistance experts and, further, that proposals are pending which would strengthen the staff of its Santiago office. Accordingly, it is considered that the present office space of FAO would have to be doubled to take care of its future needs. No increase in the size of the offices of UNICEF, TAB, and TAA is foreseen.

10. The listing below indicates the approximate dollar equivalents of the present rental amounts paid by each of the organizations and the present space occupied, as well as the estimated space requirements and proportionately increased rental amounts for the future.

/Agency

<u>Agency</u>	<u>Space Now Occupied (In Square Metres)</u>	<u>Estimated Future Requirements (In Square Metres)</u>	<u>Present Annual Rental (Equivalent in US\$)</u>	<u>Future Estimated Annual Rental in US\$</u>
ECLA	3,260	4,890	18,500	27,750
TAA	300	300	2,500	2,500
FAO	600	1,200	3,700 ^{a/}	7,400 ^{a/}
UNICEF	50	50	440	440
TAB	100	100	no estimate ^{b/}	no estimate ^{b/}
Provision for joint staff welfare activities (cafeteria and lounge facilities for all UN offices)	-	260	-	1,910
Total UN Offices	4,310	6,800	25,140	40,000

^{a/} Payable by the Chilean Development Corporation.

^{b/} Offices provided free of charge in the Chilean Ministry of Foreign Affairs.

IV. Conclusions

11. Advantages of an administrative character would result from the accommodation of all United Nations offices in one building at Santiago. If such facilities were especially constructed to meet specific office needs a more economical use of space would be achieved than is at present the case. Further, the housing of the units in the same building would contribute to a closer substantive co-operation and to the establishment of common administrative services.

12. In the absence of architectural studies and detailed cost estimates, the Secretary-General is not in a position to advise the General Assembly with reasonable precision regarding the cost of constructing a building of a size and character suitable to accommodate all existing United Nations units in Santiago, and to provide appropriate conference facilities.

Preliminary studies so far undertaken, however, give reason to believe that, at current prices, the total construction costs would be of the order of 800,000 dollars to 1 million dollars. The rental amounts, which under existing circumstances need to be included in successive annual budgets of

/the United

the United Nations, would be expected to reach a total sum of that order during a period of some twenty to twenty-five years. If an alternative arrangement should be agreed whereby a United Nations building could be erected and financed through the provision of interest-free loans along the lines recommended by the ECLA Ad Hoc Committee, repayments spread over a similar period might ensure that, over the years, the cost to the United Nations would be approximately the same.

13. In the light of the above, the Secretary-General believes that the generous offer of land made to the United Nations by the Government of Chile could be accepted by the General Assembly at its twelfth session without the necessity of the Assembly making at the same time a long-term financial commitment in respect of any subsequent building costs. The relevant Chilean law contains a clause concerning the date prior to which work on the site is to have begun. In this connexion, the clarification given by the Permanent Representative of Chile to the United Nations (A/3641/Add.1) would enable this provision to be met if the General Assembly were to take favourable action on the offer at its current session.

14. The Secretary-General accordingly recommends that he be authorized to work out, for submission to the thirteenth session of the General Assembly, detailed architectural plans for premises and to consult with members of ECLA on the supporting financial arrangements, subject to such conditions and directives as the General Assembly may meanwhile lay down.