



SEVENTH ITEM ON THE AGENDA

Report of the Building Subcommittee

1. The Building Subcommittee of the Programme, Financial and Administrative Committee (PFAC) met in Geneva on 5 November 2007. The Officers of the Subcommittee were: Mr S. Paixão Pardo (Government member, Brazil), Chairperson and Reporter; Mr M. Barde (Employer member), Vice-Chairperson; Mr Khurshid Ahmed (Worker member), Vice-Chairperson.

Status report on ongoing renovation activities at the headquarters building

2. The Subcommittee had before it a paper ¹ on the renovation work agreed by the Governing Body at past sessions.
3. The Chief of the Internal Administration supplemented orally the information provided in the paper, including the expected delivery date of December 2007 for the chairs in Room II and the situation with regard to the lift for persons with disabilities.
4. The Worker members welcomed the work carried out but expressed concern over the delay and additional costs of certain important projects such as the construction of a lift for persons with disabilities. They requested further explanations on why the estimated cost had doubled and why the Office had not planned to change the two service lifts at the same time. The ILO should lead by example and take into consideration all possible aspects to facilitate access and use of the building by persons with disabilities. The Office was urged to scrutinize all safety and health aspects for staff and the workers involved, from the planning through the execution phases. A request was made for a breakdown of the allocation of 1.4 million Swiss francs mentioned in paragraph 8. The Worker members also queried the role of the contractor, CB Richard Ellis, and requested further details on the nature of that contract. They regretted that the Office had not included in the paper information on the safety incident that occurred in September when the escalators were being replaced. They acknowledged that the Office had taken all useful precautionary measures but information on this incident to the Subcommittee would have been welcome.

¹ GB.300/PFA/BS/1.

5. The Employer members indicated that the Office had already replied orally to most of their questions. They pointed out that the installation of single escalators meant that the upward or downward direction was determined according to the inbound or outbound flow of a majority of users. For persons with mobility difficulties, this could pose a problem and they wondered if the construction of the lift would resolve that. The possibility of reopening the R1-north entrance of the building was raised.
6. The representative of the Government of the United Kingdom echoed the Workers' concern about slow progress on some of the points. The major renovation work remaining to be completed, including urgent repairs discussed as long ago as March 2004 and not yet begun was a very serious issue.
7. Responding to requests for clarification by Subcommittee members, the Chief of the Internal Administration Bureau explained that CB Richard Ellis was selected following an international tendering process and the purpose of the contract was to help to prepare detailed technical specifications for Phase I of the renovation of the building. As concerned the escalators, the construction of the lift for persons with disabilities would respond to the Employers' concern about potential difficulties for some users entering the building on the north end. The delay in the bidding process was due in part to additional civil engineering work required to conform to new stricter safety standards. In view of the substantial incremental cost, the Office relaunched a call for bids. In response to the question about the 1.4 million Swiss francs indicated in paragraph 8 of the paper, he clarified that this covered 850,000 Swiss francs for professional fees and expenses of which approximately 250,000 Swiss francs had been committed and a provision of 500,000 Swiss francs (or 8 per cent of the estimated direct costs of 6.3 million Swiss francs for Phase I) for unforeseen costs.² The professional fees and expenses related to bid preparation and evaluation; coordination, follow-up and monitoring of the work during Phase I; sampling and testing; and additional expertise. In response to a question raised by the Employer members on access to the building through the R1-north level entrance, it was pointed out that reopening this access would imply both one-off renovation costs and ongoing staff costs.

Refurbishment of the headquarters building: Financial considerations

8. The Subcommittee had before it a paper³ submitted for information on the main elements of a possible comprehensive financial plan for the renovation of the headquarters building.
9. The Employer members stressed that they had called repeatedly in past sessions for the adoption of a budget to finance the renovation of the building. They regretted that some Governing Body members had not heeded their calls and that the ILO had not been able to plan the necessary work in a timely manner. It should be noted that, according to expert advice, the building did not conform to Swiss standards. Paragraph 7(g) of the Office paper did not include the Employers' views on the need to increase the level of regular budget allocations to the Building and Accommodation Fund (BAF). The paper proposed six elements in paragraph 8 for a possible financial plan and two supplementary options in paragraph 9. The Employers were open to all these proposals but would favour solutions that were the most economical and effective financially. They requested additional information on the option to negotiate a moratorium with the host country, through the

² GB.297/PFA/BS/3, para. 32.

³ GB.300/PFA/BS/2.

Property Foundation for International Organizations (FIPOI). The Employers' views were already known on the other elements including the sale of land which should only be considered as a last option. The onus was now on the Office – and not on the Building Subcommittee – to prepare and submit a full, well-structured package of proposals for the renovation of the building by March 2008 at the latest. The drafting of paragraphs 6 and 12 of the document was not aligned and inconclusive discussions would continue if the Subcommittee was to accept the terms of paragraph 12. The renovation works in other UN buildings listed in the appendix of the paper lacked important information, namely about legal status and ownership of these buildings. It would be interesting to hear the views of the representative of the host country.

- 10.** The Worker members welcomed the content of the paper but shared some of the concerns expressed in the discussion. They were clearly in favour of an investment plan together with an increase of the regular budget that could be the result of augmenting contributions of member States, as had been agreed by the United Nations General Assembly for the renovation of the UN headquarters estimated at US\$1.9 billion. The Workers would not accept cuts in the budgets allocated to ILO programmes. They appealed to the Government of Switzerland to demonstrate the same generosity as in 1975. Options 8(a) on a moratorium and 8(e) on the possible interest by the State of Geneva in the leasehold should be carefully considered. The Office should play a more proactive role in proposing solutions. The high cost of holding the International Labour Conference at the Palais des Nations and the constant erosion of services could encourage the ILO to opt for the construction of an auditorium or a conference centre that might even become a source of income. The Workers were not favourable to a commercial loan for cost reasons. Although not opposed to leasing office space, for example to other international entities, the option should be carefully considered.
- 11.** The representative of the Government of Japan, speaking on behalf of the Asia-Pacific group (ASPAG), welcomed the document and the proposals contained therein and looked forward to the submission by the Office in March 2008 of a full financial package. The sale of land or raising a commercial loan seemed appropriate options in that they reduced the financial burden on ILO member States. The transfer of resources from the regular budget to the BAF should be considered but an increase in the budget would not be acceptable to ASPAG.
- 12.** The representative of the Government of the United Kingdom asked the Office to provide information on the costs incurred to date and those expected for expert advice from consultants. Echoing the point made on the appendix by the Employers, she asked for clarification on the selection of UN agencies listed. Speaking on behalf of the group of 38 industrialized market economy countries (IMEC), she was pleased to note a marked improvement in the quality and clarity of information provided in this document. Furthermore, the document gave a clearer idea of possible funding options, responding to the concern expressed by IMEC in March 2007 about the Office focus on the sale of land without alternative financing options. In order to avoid further delays between now and March 2008 on points which were not necessarily contentious, the Office should conduct inter-sessional consultations. IMEC maintained the view that the provision in the 2008–09 budget of \$2.5 million for the BAF was inadequate. It was important that the comprehensive plan to be discussed include in each biennium's budget a provision of 1 per cent of the total value of ILO buildings. In the shorter term, at least a substantial part of any surplus that may arise in the 2006–07 budget should be credited to the BAF to reduce future costs on interest payments.
- 13.** The representative of the Government of Switzerland thanked the Officers of the Subcommittee for allowing her to take the floor. The elements of a financial package which would allow the ILO to finance the refurbishment of the building had been noted

with interest. As stated at the ILC in June 2007, Switzerland was of the view that the ILO as owner of the building was responsible for providing sufficient resources in its regular budget for the renovation of its property and efforts should focus on the option described in paragraph 9, namely contributions from the ILO regular budget to the BAF. The Office was encouraged to examine other elements that could complement these contributions such as those included in paragraph 8(b), (d), (e) and (f). With regard to the proposal for the Swiss Government to guarantee a commercial loan, it was felt that the ILO as an international organization already enjoyed an excellent financial rating without the guarantee of the Swiss Government. The proposal for a possible moratorium on the current ILO building loan, as expressed in paragraph 8(a), was not foreseen in the law covering the FIPOI or in the new law approved by the Swiss Parliament that would come into effect in 2008, which provided that interest-free loans were redeemable within a 50-year period. Given the fact that no interest was paid since 1996 and that a particularly long period of repayment had been granted in 1975, this in fact amounted to a significant financial contribution by the host country.

14. The Worker members felt that the issues being considered might have benefited from more discreet consultations between the Director-General, the Officers of the Governing Body and representatives of the host country. Difficulties arising from the organization of sessions of the ILC at the Palais des Nations were known but it was important symbolically for the ILO to continue holding the Conference on the premises of the Palais des Nations and anyway in UN settings. The idea of building an auditorium would change the nature of the renovation process that could be combined with a construction project, but its impact on the response of the host country was uncertain. Finally, further clarifications were needed on the situation regarding the implementation of the master plan for the “Jardin des Nations” area since it would have a bearing on the financial elements to be discussed in March 2008.
15. The Treasurer and Financial Comptroller, responding to requests for information, indicated that the appendix contained information relating to those UN premises that had recently undergone major renovations. As concerned a possible surplus, figures were not yet available on whether or not the 2006–07 accounts would close with a surplus. The Office had taken note of the views and preferences expressed which would assist in the development of the March 2008 proposals.

Overview of ILO accommodation

16. The Subcommittee had before it a paper⁴ containing comparative information for 2005 and 2006 on field offices and headquarters. A corrigendum to Appendix II was distributed at the meeting.
17. The Worker members stated that the ILO should make arrangements with the host countries for favourable terms for ILO premises. Presenting aggregate information over a five-year period would allow for a better grasp of trends. As part of integrated management efforts by the ILO, information on technical cooperation staff could usefully be brought to the attention of the PFAC and the Committee on Technical Cooperation. The Workers also queried the ongoing expenditure on security.
18. The Employers indicated that the document was of particular interest and suggested that the staffing issues raised be discussed at the PFAC rather than in the Subcommittee.

⁴ GB.300/PFA/BS/3 and GB.300/PFA/BS/3(Corr.).

19. The representative of the Government of the United Kingdom requested that the Office indicate the number of vacant posts at the time when the figures were compiled.
20. In response to a question by the Worker members on security expenditure, the Staff Safety and Security Coordinator pointed out that, since standards were constantly evolving, the ILO needed to continue its investments to make its offices MOSS (Minimum Operating Security Standards)-compliant. Also, the security situation in many countries changed and the Office had to respond in the interest of staff safety.
21. The Executive Director for the Management and Administration Sector recognized that the information provided under this agenda item could be useful to other Committees. However, the PFAC discussed every year at the March Governing Body session a paper which provided detailed data relating to staff. She suggested that data prepared on a biennial basis might be more informative as they would indicate more clearly trends over time. The Office would continue to seek ways of improving the presentation of the data.

Geneva, 6 November 2007.