



## FOURTH 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 10 November 2008. The Officers of the Subcommittee were: Mr S. Paixão Pardo (Government member, Brazil), Chairperson and Reporter; Mr D. Lima Godoy (Employer member), Vice-Chairperson; Mr Khurshid Ahmed (Worker member), Vice-Chairperson.

**Status report on ongoing renovation activities and preparations for future activities**

2. The Subcommittee had before it a paper<sup>1</sup> divided into two sections. The first had to do with the progress of the renovation activities currently under way or completed since March 2008, and the second concerned the various proposals relating to future renovation works. This second section requested guidance on the proposed way forward for the Office.

**I. Completed and ongoing renovation activities at the headquarters building**

3. The Chief of the Internal Administration Bureau presented the first part of the paper, highlighting the fact that the budget allocated and the deadlines set for October 2009 were being met. Every measure had been put in place to safeguard safety and health and all were being scrupulously observed.
4. The Worker members thanked the Office for the paper. They emphasized the importance of regularly consulting staff representatives on the progress of the works, and recalled that the ILO had a duty to continue to set a good example in that area. They requested further information on the faults observed in the newly renovated meeting rooms and in room IX. They added that they would like to know the results of the calls for tender for the first phase of the current renovation programme, the costs of the lift for persons with disabilities, the measures taken in regard to suspect material (particularly asbestos) and the

<sup>1</sup> GB.303/PFA/BS/1.

significance of the 4.5 million Swiss francs (CHF) earmarked for the renovation of the kitchens and restaurants.

5. The Employer members congratulated the Office on the comprehensive presentation, but expressed regret that funds had not been set aside in the past for the maintenance of the headquarters building. Given these circumstances, it was likely that the works would cost the ILO more. The Employer members were pleased to note that the Office had stayed within the budget of CHF7.7 million for the first phase of renovation. They requested further detail concerning the names of the members of the project team. It was suggested that the members of the Building Subcommittee should be regularly kept abreast of the progress of the works by email.
6. The representative of the Government of the United Kingdom, speaking on behalf of the group of 38 industrialized market economy countries (IMEC), congratulated the Office on managing the works on time and on budget and with an effective project team.
7. The Chief of the Internal Administration Bureau explained that the renovated meeting rooms I, VI, VII and XI had electrical faults which prevented them from operating to full capacity. Proceedings were under way to have the problem rectified by the company that had installed the equipment. With respect to suspect materials, the external companies working at headquarters were obliged, in collaboration with the Office, to make every effort to identify any suspect material and ensure the safety of renovation workers and people working at the ILO. In reply to the question concerning the sum of CHF4.5 million allocated to the renovation of the restaurants, the international call for tender would require potential interested operators to submit proposals for funding through public-private partnership (PPP) to cover the cost of this future renovation. The Chief of the Internal Administration Bureau had communicated the names of the members of the project team, which had been in operation since 1 July 2008.

## II. Future renovation works

8. The Worker members requested that they be provided with the master plan ordered by the Office as soon as possible. They recalled that, in March 2008 and at the ILC 2008, CHF57 million had been set aside for the renovation of the headquarters building, at that time estimated to cost CHF182 million. They also recalled that the number of workers in place in the new building in 1974 (1,534) was comparable to the present-day total. Furthermore, they noted that caution was required regarding the sale of any land belonging to the Office. Any decision affecting the repair or construction of a new building should also be discussed with the staff representatives. The Worker members wished to be provided with examples of PPPs and references regarding renovation or construction work carried out by other international organizations. They insisted that any future PPP should be undertaken within the framework of the multilateral system and should be subject to a selection procedure which would involve concluding a preliminary agreement with more transparent rules, and which would allow for a definitive decision to be reached. The Workers expressed concern at the fact that the document indicated the name of an enterprise at such an early stage. They also stated that the future advisory body should include the social partners. They recalled how important it was that the Subcommittee have access to all the necessary information well before the beginning of the March 2009 session.
9. The Employer members welcomed the large number of solutions proposed but remained confused with regards to the construction of a new building. Such a step would not only be more expensive than renovation but would also add to the CHF66 million that the Office still owed the host country for having covered the loan for the construction of the ILO

headquarters. The Employer members wished to receive details regarding the equipment and fittings planned for the new building. They called on the Office to provide a master plan carefully setting out the resources needed for the renovation work, in order to prevent costs from escalating. As to the PPP, the Employers felt that it was viable and were extremely positive in that regard. It was recalled that the PPP should be subject to rigorous administration. The purpose of the building was to house bodies similar to the ILO rather than private organizations. They requested that they be provided with a plan laying out the current needs of the ILO and taking into account the ILO's decentralization policy, together with an estimate of the resources that would be generated by letting unused premises at the headquarters building, in time for the March 2009 session. The construction of a new conference centre capable of hosting the annual Conference and those of other international organizations should also be looked into. In order to form an opinion regarding the usefulness of a new conference centre, the Employer members wished to be informed as to the annual rate of use of the Governing Body room as well as the other meeting rooms at headquarters. They raised the question of whether the building complied with health and safety regulations. Like the Workers, the Employer members wished to be informed on a regular basis as to the status of the follow-up to the project. A final decision was to be taken in March 2009.

10. The representative of the Government of Switzerland was invited by the Chairperson to take the floor. He emphasized the considerable creativity of the Office in terms of the variety of solutions proposed. With regard to the construction of a new building, he recalled that it was important not to underestimate the risks in terms of time and cost. The Government of Switzerland offered interest-free loans to the international organizations over 50 years in order to enable them to become established in Switzerland or to fund the construction of new buildings intended to cope with increases in staffing levels. He noted that the ILO was not in that situation because its current requirements were met by the existing building.
11. The Worker members requested the Swiss Government to consider the possibility of extending a soft loan in view of the safety issue confronting the present building.
12. The representative of the Government of the United Kingdom noted that, in the light of the current economic situation, it would not be possible to request supplementary contributions from member States. With regard to the different solutions proposed in the paper, more detailed information was awaited before a decision could be taken. She noted that the PPP formula was currently used in the public sector in the United Kingdom. A new building would make it possible to establish open-plan working areas which would enhance staff collaboration and effectiveness. Nevertheless, a new conference centre could not be envisaged unless it was certain that it would be fully used. As the Employers had noted, she had agreed with the Subcommittee on the need for a review of unused areas at headquarters and for an analysis of the ILO's requirements. The latter would have to be incorporated into the review now under way into the structure of the field offices. She also requested that members of the Subcommittee be regularly consulted by the Office via the Internet or other electronic means.
13. The representative of the Government of Japan hoped for more detailed information on the demand for premises in Geneva. With regard to the construction of a new building, any removal costs would need to be identified. A proposal along the lines of the PPP formula, if considered carefully, should reduce the pressure on member States. He wondered about the use of the CHF6 million earmarked for the project team to draw up a master plan. Further clarification was expected for the next session in March 2009.
14. The Worker members, following the statement of the representative of the Government of Switzerland, considered that precise analyses needed to be undertaken by the Office in

order to justify the construction and funding of a new building using a PPP-type formula. As for the choice of equipment and fittings in the new building, the staff should be consulted. Current safety standards needed to be taken into account.

15. The Employer members recalled that the Office had been asked, during the March 2008 session, to set up an internal/external interface in order to ensure rapid follow-up. The paper submitted at the current session responded perfectly to that request. The Employer members had suggested that the Subcommittee should have faith in the interface, which would consider the different funding options and would present, at the March 2009 session, proposals adapted to the ILO's requirements.
16. The Treasurer and Financial Comptroller replied to a question concerning the functioning of the project team. He explained that the process for hiring the project director was under way and for that reason no activities had begun. If a PPP-type model were to be adopted, it would in due course be subject to an international bidding process. Following consultations with real estate consultants regarding the different solutions for funding headquarters renovation, he recalled that the sale of land or leaseholding arrangements had not been recommended by the consultants, who advocated other means based on the use of existing ILO assets. In the light of the recommendations, the possibility of building on one of the ILO's available plots of land was under consideration. More detailed financial information in response to the Subcommittee's questions was being prepared in collaboration with the outside experts and would be submitted at the March 2009 session.
17. The Executive Director of the Management and Administration Sector recalled the importance for the Office of having a building in conformity with established standards. She emphasized that the standards of the host country were not applicable to the ILO. The Techdata preliminary study, which had not revealed any major safety problems, had proposed renovation of the building according to current standards. In conclusion, she recalled the Office's obligation to submit at the March 2009 session detailed financial and technical proposals, with the collaboration of the best available experts, in order to enable the Subcommittee, the PFAC and the Governing Body to take the necessary decisions.
18. The Subcommittee took note of the paper.

## Overview of ILO accommodation

19. The Subcommittee had before it a paper<sup>2</sup> for information purposes presenting financial and statistical information on the field offices and headquarters.
20. The Worker members hoped that the Office would negotiate with countries where rents were highest. It was recalled that in certain countries premises were made available free of charge by the host country. With regard to the national correspondents, he emphasized the importance of their independence and the fact that they should be housed in non-governmental buildings. The Workers wished to see the paper annexed to the PFAC review of the field office structure. Information on the status of locally hired collaborators should also be included.
21. The Employer members indicated that the overview of ILO accommodation should not only contribute to the analysis of the ILO's current and future requirements but should also reflect the progressive decentralization policy.

<sup>2</sup> GB.303/PFA/BS/2.

22. The Subcommittee took note of the paper.

## **Urgent repairs**

23. The Subcommittee had before it a paper<sup>3</sup> requesting the earmarking of resources in the Building and Accommodation Fund to meet the cost of urgent repairs.
24. The Worker members agreed to propose to the PFAC that CHF500,000 should be earmarked for such repairs.
25. The representative of the United Kingdom also endorsed the proposal.
26. The Subcommittee endorsed the proposal to earmark the sum of CHF500,000 from the Building and Accommodation Fund for the purpose of urgent repairs and maintenance of buildings owned by the ILO, and to authorize the Director-General to use those funds where needed and to report to the Building Subcommittee.

Geneva, 12 November 2008.

<sup>3</sup> GB.303/PFA/BS/3/1.