



Governing Body

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Programme, Financial and Administrative Section
Programme, Financial and Administrative Segment

PFA

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THIRD ITEM ON THE AGENDA

Update on the headquarters building renovation project

Purpose of the document

This document provides information on the current status of, and developments with regard to, the renovation of the ILO headquarters building since the 328th Session of the Governing Body (October–November 2016). It also provides information on recent developments regarding possible land use and perimeter security (see draft decision in paragraph 24).

Relevant strategic objective: None.

Main relevant outcome/cross-cutting policy driver: Enabling outcome C: Efficient support services and effective use of ILO resources.

Policy implications: None.

Legal implications: None.

Financial implications: No immediate implications; subject to decisions of the Governing Body.

Follow-up action required: Further progress report in October 2017.

Author unit: Office of the Deputy Director-General for Management and Reform (DDG/MR).

Related documents: GB.309/PFA/BS/2(&Corr.); GB.309/PFA/11/1; GB.310/PFA/BS/1; GB.312/PFA/5(&Corr.); GB.313/PFA/INF/2; GB.313/PFA/INF/2(Add.); GB.313/PFA/3/2; GB.315/INS/6/1; GB.316/PFA/3; GB.170/FA/BS/D1/2; GB.317/PFA/2; GB.319/PFA/4; GB.320/PFA/5(Rev.); GB.322/PFA/3; GB.323/PFA/3; GB.325/PFA/1; GB.326/PFA/3 and GB.328/PFA/3.

Key developments

1. The renovation of the southern third of the main building is in its completion phase; receptions of the construction works are being carried out and the operational qualification of the technical installations has begun. The Facilities Management Unit (FACILITIES) and the Information and Technology Management Department (INFOTEC) are actively participating in the reception of the works.
2. The Office has reviewed and defined its office layouts for the next phase of the works, and FACILITIES is actively planning and organizing the relocation out of the middle third of the building.
3. The relocation of staff to the refurbished southern end of the building will begin after the Governing Body's March 2017 session in order to avoid interfering with the Governing Body's proceedings, to ensure that all the necessary tests have been carried out and to smooth the transition from worksite to operational offices. The Governing Body, and staff, will be given the opportunity to visit the newly finished offices during an open day, to be organized during the March 2017 session.
4. Meetings have been held with the local authorities in order to ensure that all the necessary administrative steps have been addressed prior to moving to the operational phase.
5. Preparations for the works on the middle third of the building have begun with the installation of anchor points for the scaffolding and the relocation of the cranes.
6. The planning of the works for the middle third of the main building is being carried out. Within this process, all lessons learned from the previous works will be integrated in the upcoming works and redundant work will be phased out. The completion of floors 1 to 11 is still on target for the deadline of the end of 2019.
7. The occurrence of safety and health issues has remained minimal despite there being a peak of some 250 workers on-site in November 2016. Local worksite inspectors have maintained their vigilance on our worksite and have not reported any irregularities.
8. The number of complaints from staff relating to disruptions due to the works has decreased steadily over the past months, following rapid response and action from the project team.

Upcoming works

9. Closure of all the issues raised in the reception of the works will be given utmost priority to ensure all the main points are closed prior to staff moving into the new premises.
10. Training on the new installations will be carried out by the internal maintenance staff in February and March to enable a smooth transition from worksite to operational systems.

Project budget

11. The total budget for the initial works remains within the limits of the financial plan previously endorsed by the Governing Body, namely, some 205 million Swiss francs (CHF). As announced at the March 2016 Governing Body session, savings being generated by the value engineering will be reallocated to the provision for any unforeseen costs that may arise and to the partial renovation of the lower floors.

Financial update, as at 31 December 2016

| | CHF('000) |
|---------------------|-----------|
| Approved budget | 205 549 |
| Contracts issued | 198 193 |
| Expenditure to date | 72 961 |

Renovation of lower floors

12. The Governing Body will recall that the renovation of the lower floors of the building, including the conference centre, is not part of the currently funded scope of works. The estimated costs total some CHF120 million.¹
13. The capacity to undertake these works will be considered if and when funding becomes available. It is recalled that costs incurred due to delaying the works, or to carrying them out piecemeal, are not included in the cost estimates defined above.²
14. Should there be an urgent need due to a breakdown or a failure of the existing equipment or infrastructure, maintenance budgets will, to the extent possible, be reprioritized to meet this need.

Financing and potential donation packages

15. The CHF70 million loan from the Swiss Confederation, included within the financing plan, was approved by the federal government in late 2016, and the interest rate has now been set at 0.5 per cent. The loan will be repaid over 30 years, with the first instalment due at the end of 2019. Total interest costs over the term of the loan will amount to CHF5.5 million. The Office has commenced prospecting for tenants to occupy refurbished space that will become available following the completion of the project to generate revenue to cover the loan repayments.
16. As reported at previous sessions of the Governing Body, voluntary contributions will be sought towards the cost of completing the renovation of the lower floors of the building. Appendix I contains a draft donations policy, modelled on an approach used elsewhere in the UN system, setting out criteria for the acceptance of any offers of assistance.
17. In addition, a compendium of potential donor packages has been prepared. The Governing Body is invited to endorse the donation policy, in order that the compendium can be shared with all member States and with other potential partners.
18. In further developments, the Office is now seeking advice from the Governing Body on the potential development of the freehold property adjacent to the headquarters building. Plot 4057, as shown in Appendix II, has a surface area of some 40,000 square metres. The property is currently leased for a nominal lease payment for the grazing of horses. An approach has been received from the International School of Geneva to lease and develop up to one half of the property for a period of 50 years, to provide sports facilities to students and to the local community. Such an arrangement would realize significantly more revenue

¹ As reported in [GB.328/PFA/3](#).

² *ibid.*

than the minimal amount received at present, but would be far removed from a commercial lease arrangement.

19. If the Governing Body were favourable to such an arrangement, it could be combined with a commercial lease for and development of the other half of the property (road frontage), which would generate more significant revenue to contribute towards the cost of the unfunded renovation work. Under a leasehold, ownership of the property would remain with the ILO but would be accompanied by a guaranteed revenue stream. A development including the proposed sports facilities would also retain some of the open green space around the headquarters building.
20. Considerable preparatory work would be required in collaboration with the relevant Swiss authorities to determine the viability and process for implementation of such a development proposal, including the identification and selection of potential developers. In order to proceed, it would be helpful to have the Governing Body's views on this matter.

Perimeter security

21. While not covered by the scope of the building renovation project, recent developments on perimeter security may have some impact on the headquarters site. In July 2016, the United Nations Department of Safety and Security (UNDSS) in New York endorsed the Security Risk Assessment for Switzerland established by the UN Division of Regional Operations, which recommended raising the security risk level of the country from 1 (minimal) to 2 (low) on a scale of 1 to 6, with immediate effect.
22. In line with this recommendation, the ILO Security Unit conducted a comprehensive review to assess the level of compliance of the headquarters premises with UNDSS standards, and to identify measures to adequately improve the level of protection of the premises, its staff and visitors against a wide range of potential risks. The most efficient measure identified was the construction of a security perimeter fence around the ILO compound.
23. The conclusions of the ILO risk assessment report were shared with the Permanent Mission of Switzerland to the United Nations. This was followed by a review of the ILO compound and security installations by a security expert from the Swiss federal authorities. A draft perimeter project document was prepared and the Swiss Mission has now mandated the Foundation for Buildings for International Organisations (FIPOI) to collaborate with the ILO in preparing the technical specifications and conducting a feasibility study which would be funded by the FIPOI. The study should be completed by April 2017 and will provide an estimate of the financial resources needed for the realization of the project. It should be noted that the perimeter project is not included in the current scope of the headquarters renovation project. The Office will provide an update to the Governing Body in October 2017 for guidance and decision.

Draft decision

24. *The Governing Body:*

- (a) *endorses the donation policy presented in Appendix I; and*
- (b) *authorizes the Director-General to pursue the possible use of plot 4057 with the relevant Swiss authorities, the International School of Geneva and potential developers.*

Appendix I

Draft donation policy for the ILO headquarters building renovation

Background

1. The renovation of the International Labour Office's headquarters building, located in Geneva, Switzerland, is designed to improve the overall infrastructure of the building, to upgrade safety and health for visitors and staff, and to reduce the building's environmental footprint. The International Labour Office will seek voluntary contributions to reduce the financial burden of the project on member States. Voluntary contributions may also provide an opportunity to enhance the geographical diversity and multicultural dimension of the premises in line with the values, principles and objectives of the Organization.

Scope of the present document

2. The purpose of this donation policy is to set out in a single framework the parameters for accepting donations.
3. This policy covers any voluntary contribution to the headquarters renovation project that will contribute to achieving the project objectives, offsetting costs and/or otherwise enhancing the infrastructure of the ILO building. Examples could include the renovation of conference rooms, lobbies and general office space, the preservation of heritage elements, landscaping and security installations.

Definition of donations for renovation and construction works

4. In the present document, a voluntary contribution is referred to as a donation. A donor is any entity that makes, or intends to make, a donation to the headquarters renovation project.
5. A donation can be in kind, financial or a combination of the two. In-kind contributions will be accepted only if they meet the technical specifications and operational needs of the Office and do not result in additional maintenance or other costs.
6. Donations are welcomed from member States of the ILO, as well as international, intergovernmental, regional and non-governmental organizations and foundations. Contributions by other donors, including private and corporate entities, may be considered on a case-by-case basis after due consideration by the Officers of the Governing Body.

General criteria for accepting a voluntary contribution

7. The acceptance of a donation is governed by article 12 of the Financial Regulations.
8. With respect to the headquarters renovation project, the Director-General of the ILO is authorized to accept donations that comply with this policy document and that do not create a financial liability for member States.
9. When a donation is solicited by the ILO, the solicitation should, to the extent possible, be advertised extensively to ensure the largest possible geographical response.
10. The Office will evaluate the proposed donation with regard to operational factors, such as its intended use, regulatory compliance, compatibility with the renovation project objectives, standards and specifications, and whether it reflects and respects the values and principles of the ILO.

11. Acceptance of a donation should not result in a de facto standardization of the donor's goods or services within the ILO, nor create a need for further goods or services that can be supplied only by the donor. It should not give the donor undue competitive advantage in any future procurement exercise.
12. A donation shall not be accepted if it would create a conflict of interest, or the appearance of a conflict of interest, for the ILO and/or the donor.
13. The acceptance of a donation shall under no circumstances allow the donor any role in internal decision-making processes of the ILO, or in any other way compromise the integrity of the ILO.
14. The donor will be requested to cover all of the costs and liabilities of the Office resulting from receipt of the donation, including indirect and support costs, such as for support staff to process the donation. The costs of maintaining any non-standard equipment or fittings would be at the cost of the donor.
15. Entities that make a donation will receive appropriate acknowledgement from the ILO for the contribution made. In the example of the renovation of a conference room, such recognition would typically take the form of a commemorative plaque of standardized size placed inside the room or at its entrance.
16. Any acknowledgement or recognition of the donor's contribution or any use of the ILO name or emblem in connection with the contribution shall be made in such a way as to ensure that the acknowledgement or recognition does not imply the Organization's endorsement of, preference for, or promotion of the donor or its activities, goods or services.
17. The official emblem of the ILO shall not be used without prior written authorization of the Organization. In accordance with the applicable rules and regulations and with established practice, the use of the ILO emblem for commercial purposes is prohibited.
18. A donation will be accepted only pursuant to a formal agreement in the form of a memorandum of understanding concluded between the donor and the ILO.

Appendix II – Plot 4057

