



# Governing Body

346th Session, Geneva, October–November 2022

Programme, Financial and Administrative Section

PFA

Programme, Financial and Administrative Segment

**Date:** 30 September 2022

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Second item on the agenda

## Matters relating to the ILO premises

### Update on the headquarters building renovation project

#### Purpose of the document

This report provides the Governing Body with a progress update on phase 2 of the renovation works and provides a status update on the building permit request for the headquarters security perimeter project.

**Relevant strategic objective:** None.

**Main relevant outcome:** None.

**Policy implications:** None.

**Legal implications:** None.

**Financial implications:** None.

**Follow-up action required:** Further reports at future sessions of the Governing Body.

**Author unit:** Office of the Deputy Director-General, Management and Reform (DDG/MR); Office of the Treasurer and Financial Comptroller (TR/CF).

**Related documents:** [GB.343/PFA/1](#); [GB.341/PFA/3\(Rev.1\)](#); [GB.341/PFA/3\(Add.1\)](#); [GB.340/PFA/PV](#); [GB.340/PFA/3](#); [GB.337/PV](#); [GB.337/PFA/2](#); [GB.337/PFA/2\(Add.1\)](#); [GB.335/PFA/3](#); [GB.335/PFA/3\(Add.\)](#); [GB.334/PFA/PV](#); [GB.334/PFA/2](#); [GB.332/PFA/3](#); [GB.326/PFA/3](#); [GB.344/PFA/4/1](#).

## ▶ Introduction

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1. At its 341st Session (March 2021), the Governing Body approved the final scope of phase 2 of the headquarters building renovation project and requested the Office to present the final budget of phase 2 at its next session. It also authorized the Director-General to finalize an agreement with a main contractor for the phase 2 works within the funds available.<sup>1</sup>
2. At its 343rd Session (November 2021), the Office provided the Governing Body with the proposed budget for phase 2 of the headquarters building renovation project and informed it that the Office had concluded an agreement with a contractor. It also provided additional information on the headquarters security perimeter project, taking into account progress with the United Nations Department of Safety and Security (UNDSS), architects and engineers.<sup>2</sup> At that session, the Governing Body:
  - (a) approved the proposed budget for phase 2 of the headquarters building renovation project set out in document GB.343/PFA/1, in line with the resources available from the sale of the land; and
  - (b) requested the Office to present the budget for the headquarters security perimeter project to the Governing Body at its 344th Session (March 2022).<sup>3</sup>
3. At its 344th Session (March 2022), the Office provided the Governing Body with the proposed budget for the headquarters security perimeter project, taking into account requests from the UNDSS, architects and engineers.<sup>4</sup> At that session, the Governing Body:
  - (a) approved the proposed budget for the headquarters security perimeter project set out in document GB.344/PFA/4/1, in line with the resources available from the sale of the land; and
  - (b) requested the Director-General to continue to engage with the Government of the host country regarding a potential financial contribution and coordination of the implementation of the security perimeter project.
4. This document provides the Governing Body with an update on the progress in the phase 2 renovation works, an update on the financial contribution from the Government of the host country, and an update on the building permit status for the headquarters security perimeter project.

## ▶ Phase 2 of the headquarters building renovation project

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5. The Governing Body will recall that phase 2 works are being carried out in four stages, with the initial stage having started in late 2021 with the Governing Body room, rooms I and II and the library. This ongoing stage of works, forecasted to be completed in late 2022, has been affected

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<sup>1</sup> GB.341/PFA/PV, para. 94.

<sup>2</sup> GB.343/PFA/1.

<sup>3</sup> GB.343/PFA/PV, para. 3.

<sup>4</sup> GB.344/PFA/4/1.

by global chain supply issues and some unforeseen works, which will unfortunately push back completion of the stage to early 2023. Supply chain issues have not only led to delays, but have also impacted the cost of goods, following a mismatch between demand and supply. In this context, the project team is actively looking for and finding alternative solutions to reduce material supply delays and is working on mitigating measures to counter cost inflation issues.

6. The impact of the supply chain issues has been very varied and has affected different building materials unevenly, making it difficult to predict upcoming constraints. The team has had to react to material shortages by, for example, choosing alternative materials for audiovisual components, reviewing ventilation duct layouts, and outsourcing data cabling, in order to meet schedule constraints, while continuing to comply with quality requirements. Wood supply shortages have also made it necessary to rethink certain works, with some of the wooden panels in the Governing Body room and room II being restored, as opposed to being replaced. Some goods, such as carpets and some light fittings, are being purchased now to avoid forecasted cost inflation and to prevent delivery delays for the upcoming stages.
7. The unforeseen works mainly concern issues identified after demolition, and include fire protection measures above ductwork, following exchanges with local fire authorities, and depollution works, after the discovery of paint containing lead and polychlorinated biphenyls (PCBs) in some technical rooms, which has required a lengthy closure of the affected areas in order to proceed with the abatement. To limit such interruptions to the progress of works in the future, investigations are being carried out in the upcoming stages of works to proactively determine the level of depollution required and address such works early in the schedule.
8. Despite the issues raised above, the Office is confident that, through consistent value engineering and the reprioritization of works, it will meet the agreed overall completion date of late 2025 and comply with the agreed budget of CHF130.4 million, with priority being given to adhering to the budget.

## ► Headquarters security perimeter project

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9. The Government of the host country has confirmed a financial contribution of CHF4 million towards the headquarters security perimeter project. This support confirms that the budget of CHF22.9 million, plus or minus 10 per cent, approved by the Governing Body at its 344th Session (March 2022), is in line with the resources currently available. The project team is nevertheless actively working on value engineering to ensure that the project stays within the approved budget.
10. The Office has filed for a building permit and is expecting formal approval in September 2022. Some initial concerns were expressed by the authorities regarding the proposal to build a cover over the accessible pathways for mobility-impaired visitors. Therefore, so as to not delay the processing of the permit, this element has been removed. However, subject to Governing Body guidance, the proposal could be reconsidered at a later stage. In parallel to the permit process, the detailed design is reaching completion and tender documents are being drawn up. It is expected that the tenders will start to go to market in October 2022, in line with the foreseen completion date of late 2024.
11. Vehicle access to the site during the construction works will be relocated to the west of the current entrance using the access road on the neighbouring plot 4057. A temporary guardhouse will be erected in early 2023 for the duration of the works, to ensure safe access

and security. Pedestrian access will be redirected as and when necessary but will largely remain unchanged. Clear signage and further information will be provided in due course.

## ▶ Draft decision

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- 12. The Governing Body requested the Office to provide an updated progress report on the headquarters building renovation project and on the headquarters security perimeter project at its 347th Session (March 2023).**