SIXTH ITEM ON THE AGENDA

Report of the Building Subcommittee

1. The Building Subcommittee of the Programme, Financial and Administrative Committee (PFAC) met on 7 November 2005. The Subcommittee Officers were as follows: Mr. S. Paixão Pardo (Government member, Brazil), Chairperson and Reporter; Mr. Lima Godoy (Employer member), Vice-Chairperson; Mr. Khurshid Ahmed (Worker member), Vice-Chairperson.

Update on construction projects in the field

2. The Chief of the Internal Administration Bureau reported to the Subcommittee on the status of construction projects for the ILO Offices in Santiago and Dar es Salaam.

3. Construction of the Santiago premises had been completed on schedule and with a very small budget overrun of some US$2,000 which had been absorbed by the Office. The premises were handed over to the ILO at the beginning of July 2005, and staff had moved to the new building in August 2005. A tenant has been found for the former premises with a contract signed and effective as of 1 November 2005.

4. Construction of the Dar es Salaam Office was proceeding on schedule. The construction company began work on the site in April 2005, and the first stone was laid on 30 May 2005. The project was expected to be completed in July 2006. Safety on the site was closely monitored for both projects and there had been no accidents.

5. The Worker members welcomed the Office’s updates on the Santiago and Dar es Salaam construction projects. They noted the good news that the former premises in Santiago had been successfully rented out, and requested further information regarding the status of the ILO Offices in Abidjan and Port-of-Spain. They also inquired if any other construction projects were planned.

6. The Employer members complimented the Office on being able to maintain the projects on schedule, on budget, and with a clean safety record. They were pleased to learn that the new office in Santiago had already been occupied, and that it was functioning normally.

7. The representative of the Government of the United Kingdom welcomed the Office’s oral presentation, but suggested that it would be preferable in future for such information to be provided to Subcommittee members in advance and in writing.
8. The representative of the Government of Kenya, speaking on behalf of the Africa group, requested information on the status of the staff of the Abidjan Office, and on the relocation of the Regional Office to Addis Ababa.

9. The Executive Director of the Management and Administration Sector explained that, given the release date for documents, oral presentations had the advantage of providing the Subcommittee with the most up-to-date information on current construction projects.

10. The temporary relocation of the Abidjan Regional Office to Addis Ababa had been concluded, and the Regional Office was functioning effectively. Of the 45 local staff members in Abidjan prior to the relocation, 14 continued to work in Abidjan to support activities in the country and the region, three had been transferred to Addis Ababa, seven were relocated within the region, four had moved to technical cooperation projects, 14 had been terminated and three had taken agreed terminations. The Office had provided for termination packages beyond the statutory requirements and was working with other agencies to identify alternative employment. Part of the Abidjan office building had been leased to the UNDP, thus ensuring improved security for the remaining staff as well as cost savings. The temporary move of the Abidjan Office to Addis Ababa would remain in effect as long as it was felt to be necessary, and the situation would be reviewed with the Governments of the Côte d’Ivoire and Ethiopia on a regular basis.

11. The Chief of the Internal Administration Bureau confirmed that no other construction projects were planned.

12. Concerning the question relating to Port-of-Spain, Sir Leroy Trotman confirmed that the Office had moved into its new rented premises in October.

**Follow-up to the accommodation strategy**

13. The Subcommittee had before it a paper concerning the follow-up to the ILO accommodation strategy.

14. The Executive Director of the Management and Administration Sector introduced the paper as being one of a series of papers on the subject. It had been prepared in response to the request of the Subcommittee and provided details on the accommodation arrangements prevailing at each ILO office. The paper also responded to the lack of a coherent overall policy with respect to accommodation arrangements for technical cooperation projects, and proposed guidelines to address that inconsistency in paragraph 7. The paper requested guidance from the Subcommittee for proposals regarding the use of the Building and Accommodation Fund (BAF) to fund renovation work or major repairs to rented field office premises beyond a certain threshold, and for the possible inclusion, in the next programme and budget, of a provision for an annual contribution to the BAF of 1 per cent of the total value of ILO property.

15. With respect to the tendering process for an independent comprehensive study of the short-, medium- and long-term needs for the renovation of the headquarters building, the Treasurer and Financial Comptroller indicated that expressions of interest had been requested following the March 2005 session of the Governing Body. Of the initial six companies expressing interest, only four confirmed their candidature. Following a review of their submissions, the Office short-listed three candidates. A formal request for proposals was sent to the three companies, which were invited to make an on-site review.

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of the building facilities before completing their bids. Finally, only two companies submitted detailed proposals, which were submitted to the Contracts Committee at the beginning of November. The Contracts Committee review found certain gaps in the proposals and required that the missing information be provided by 18 November 2005. The Office intended to review and make final consideration of the formal offers by the beginning of December 2005, and to issue a contract before the end of the year.

16. The Employer members welcomed the detailed information contained in the paper, which addressed the Subcommittee’s concerns. They noted the Office’s intention to prepare a compendium of the policies, practices and decision-making processes with respect to accommodation matters, to be posted on the ILO Intranet site in 2006. Concerning the proposals relating to the accommodation of technical cooperation projects, they emphasized the importance of such project activities in developing regions, and hoped that there would be no negative repercussions on project activities and donor intent resulting from accommodation arrangements and associated project costs. They felt that technical cooperation projects should not be charged rent. It was difficult enough to get donor support for projects without incurring rental expenses. In locations where ILO premises were not available, host countries should be approached to provide office accommodation for projects.

17. As regards the renovation of ILO headquarters, the Employer members stated that once the priorities and financing options were made known, they could adopt a position, but they were already very concerned about the substantial costs involved and the level of the BAF. With respect to the question of using the BAF for renovations to rented ILO premises, this was supported in general, but decisions would need to be taken in the context of an evaluation of the relative costs and benefit of field activities in each region. Funds should be spent where they were most needed to prevent a depletion of the Fund. Recourse to funding using commercial banks must take into consideration the reality of the budget situation. Finally, while security considerations were of great concern, precautions in this regard should not be too elaborate, given the costs involved. Host countries should contribute more in terms of office accommodation. The Employer members were concerned that the proposed 1 per cent rate of contribution to the BAF would not be enough, considering the present state of facilities. They also considered that a detailed follow-up would be required to establish standards of accommodation for headquarters and field locations. Field accommodation might be of very different quality, but all offices should in principle have the same resources made available to them to meet a uniform standard.

18. The Worker members said that the paper presented very useful information for analysis and comparisons, and that the Subcommittee should continue to receive this information on a regular basis. In particular, the Subcommittee should be provided at its next meeting with details relating to the total value of headquarters and ILO-owned field offices, as well as details of shared, rented and rent-free premises. They wished to know why the Turin Centre had been excluded from the survey. The Worker members supported the idea expressed by the Employers that ILO premises should all be of the same standard. The Subcommittee could help the Governing Body by defining basic requirements and establishing a general framework for related policies.

19. With regard to the accommodation of technical cooperation projects, the Worker members shared the view of the Employers that the host country should in the first instance provide suitable accommodation. At locations where premises were rented, the host countries should also be approached for help in the matter. The Worker members noted that the data given in the appendices, indicated significant differences in the rents charged for properties of comparable size within the same region. Where properties were rented, the landlords should be asked to participate in the renovation costs.
20. With regard to headquarters renovations, since the sale of land and the rental of office space was not considered desirable, and a commercial loan would result in a heavy interest burden, the possibility of an interest-free loan from the host country should be pursued. Contacts with the Geneva authorities in the matter of renovations should be made at the highest political level to achieve the best results. The Workers supported the proposal to allocate 1 per cent per annum to replenish the BAF, as outlined in paragraph 17 of the paper. The results of the study and the financial options should be presented at the next session of the Subcommittee. In carrying out the renovations, due regard should be given to safety and health issues. In particular, the problem of asbestos contained in the headquarters building should be a priority and a full survey should be carried out. A physical security and safety survey should eventually be carried out in all ILO offices. While it was recognized that building security was of great importance, visitors to headquarters should be helped, rather than hindered.

21. The representative of the Government of the United Kingdom noted that, while the paper provided part of the information requested, it fell short of providing a long-term accommodation strategy. A strategic direction was needed. It was not clear why the compendium of existing policies and practices requested would not be provided until 2006. The details provided in the appendices alone did not allow the development of a medium- or long-term plan for ILO maintenance and renovation requirements.

22. She did not agree with the proposal to charge technical cooperation projects for rent. The Office already charged 13 per cent of the project budget for support costs. She looked forward to receiving the results of the independent consultant’s study, more details on the positions of host countries, and a range of options on how to deal with the situation. The proposals contained in the paper on expenditures from and contributions to the BAF should be considered further, but only in conjunction with a finalized strategy for long-term accommodation.

23. The Subcommittee should recommend that, in order to provide a sound basis for its decisions, the Governing Body should request the Office to prepare, for the March 2006 Governing Body session, proposals for a full review of ILO representation in all regions with a view to a draft accommodation strategy. In order to effectively undertake a programme of renovation and security work, it was necessary, first, to confirm that the ILO has offices in the right places. This was in line with advice received from the External Auditors and the Joint Inspection Unit (JIU) on the issue.

24. The representative of the Government of Japan also requested that a strategic plan be presented at the March 2006 session. He expressed his surprise at the serious state of facilities found during the tour of the headquarters building earlier this year, and noted that a good, healthy and safe environment was not only important for staff, but also crucial to guaranteeing the effective work of the Governing Body and International Labour Conference. The renovation of the headquarters building was an urgent issue, and proper funding of the BAF was critical. The current BAF level was much too low to deal with the required repairs and unforeseen needs. The Office should immediately start increasing the BAF level from the savings to be found in Part I of the budget.

25. The Executive Director of the Management and Administration Sector considered that the Office had responded to the requests of the Subcommittee. The compendium would provide information on the current policies, rules, practices and decision-making processes followed by the Office in relation to accommodation decisions. The appendices to the paper, which presented a clear picture of the situation, would be updated on a regular basis. Together, those documents completed the technical information which provided the context for accommodation decisions. The wider policy issues of the review of the field
structure and the funding options for renovations at headquarters were matters more appropriate to the PFAC than the Building Subcommittee.

26. With regard to concerns that had been raised about asbestos, studies undertaken in 2003 and 2005 confirmed that there was no risk to staff in that regard, and that the Office continued to monitor the quality of air at headquarters.

27. With regard to a question raised by the Worker members, the Turin Centre was not included on the schedule of ILO assets, as it had independent legal personality. In addition, the land and premises were entirely owned by the City of Turin. There was a permanent lease with a token rental charge of US$1 per annum. The Turin Centre was responsible for routine maintenance. The Office could nevertheless list the Centre in future updates of the accommodation information.

28. With regard to the refurbishment of the headquarters building, once the consultant’s study was obtained, and the Office had a clear idea of the renovation priorities, an analysis could be carried out to show the various financial implications. The Subcommittee should be assured that any renovation plan would be focused on essential structural and other work.

29. Appendix I to the paper would be amended to reflect that the ILO Office in Bonn had moved to Berlin last year, and that the host Government subsidized the rent. It was also confirmed that the London Office had moved to new premises on 1 October 2005, and that the new rent of £42,607 per annum was approximately one-third of the previous rent.