



## ELEVENTH ITEM ON THE AGENDA

**Other financial questions****Proposed gifts of land from the Government of Chile and the Government of the United Republic of Tanzania**

1. Following discussions and negotiations with the Governments of Chile and the United Republic of Tanzania, both Governments have decided to cede to the Office, free of charge, unconditionally and irrevocably, the ownership of plots of land for the construction of offices in Santiago and Dar es Salaam respectively.
2. Acceptance of the proposed gifts of land would imply a financial liability with respect to future building costs. Article 12, paragraph 1, of the Financial Regulations provides that gifts which may directly or indirectly involve an immediate or ultimate financial liability for the Members of the Organization may only be accepted after authorization by the Conference.
3. The Governing Body, through the recommendations of the Building Subcommittee and the Programme, Financial and Administrative Committee, is well positioned to critically examine the merits of accepting the proposed gifts of land. If the proposed construction is to go ahead, it would be unwise to wait until the June 2004 Session of the Conference to seek such approval, as this would delay operations and increase costs. This paper therefore proposes that the Governing Body request the Conference in June 2003 to authorize acceptance of the proposed gifts of land on the understanding that the Office would draw up plans and cost estimates for submission to the Building Subcommittee at its session in November 2003, and the Governing Body would proceed with such acceptance only if it saw fit.

**Gift of land from the Government of Chile**

4. The ILO has had an office in Santiago since August 1961, when it established the Regional Employment Programme for Latin America (PREALC). The ILO office was located in the United Nations Economic Commission for Latin America (ECLA) building until 1991, when it moved to rented premises in a residential area of the city. The building houses the Subregional Office for the Southern Cone of Latin America and covers Chile, Paraguay and Uruguay. It has some 1,300 m<sup>2</sup> of total floor space spread over three floors and accommodates some 35 officials and consultants. Rental costs for the present premises are

approximately US\$125,000 a year, and additional costs are incurred for maintenance charges and the rental of conference rooms.

5. The Government of Chile has dedicated an area for international organizations, within the district of Vitacura, which would reinforce its multinational relations and promote cooperation and common services among the organizations. The Government wants the ILO to have its own building in this international zone and has generously offered a plot of land of approximately 4,000 m<sup>2</sup> for the construction of the ILO subregional area office. The land has an estimated current market value of US\$1.7 million to US\$2 million. It adjoins the premises of the Economic Commission for Latin America and the Caribbean (ECLAC), the Latin American Faculty of Social Sciences (FLACSO), the Food and Agriculture Organization (FAO) and the United Nations Development Programme (UNDP). The setting could facilitate the cost-effective sharing of security arrangements and conference facilities with the other agencies.
6. The Office would need to construct some 2,000 m<sup>2</sup> of floor space. The funds to finance the building could be provided from the Building and Accommodation Fund or a commercial loan. The Government has offered to assist the ILO in obtaining a loan on favourable terms which should result in no increase in the relevant budgetary expenditure for the Santiago office versus the present ongoing rental costs, and avoid significant financial burden on the ILO Building and Accommodation Fund.

## **Gift of land from the Government of the United Republic of Tanzania**

7. The ILO office in Dar es Salaam has been housed in various rented premises since it was established in 1962. There is a very limited choice of appropriate premises and the present accommodation is not considered suitable in terms of office space, amenities and location.
8. Following discussions with the Government of the United Republic of Tanzania, the ILO has been offered two contiguous plots of land in a central area of Dar es Salaam, close to government offices and other organizations, for the construction of a building to accommodate the ILO office. The Office could construct some 2,400 m<sup>2</sup> of floor space, and the funds to finance the building could be provided from the Building and Accommodation Fund or a commercial loan.
9. *The Committee might wish to recommend to the Governing Body that:*
  - (a) *it authorize the Director-General to draw up outline plans and cost estimates for submission to the Building Subcommittee at the 288th Session (November 2003) of the Governing Body with a view to preparing final recommendations;*
  - (b) *it propose to the Conference at its 91st Session (June 2003) that, under article 12, paragraph 1, of the Financial Regulations, the Conference authorizes the acceptance of the gift of land offered by the Governments of Chile and the United Republic of Tanzania to build premises for the ILO offices in Santiago and Dar es Salaam respectively, subject to a final decision on such acceptance by the Governing Body at a later stage and adopt a resolution in the following terms:*

*The General Conference of the International Labour Organization,*

*Authorizes the Governing Body, pursuant to article 12, paragraph 1, of the Financial Regulations, to accept, if it thinks fit after a full examination of each individual proposal, the gifts of land generously offered by the Governments of Chile and the United Republic of Tanzania, for the purpose of constructing premises to house the ILO offices in Santiago and Dar es Salaam respectively.*

Geneva, 21 February 2003.

*Point for decision:* Paragraph 9.