



SEVENTH ITEM ON THE AGENDA

Report of the Building Subcommittee

The Building Subcommittee of the Programme, Financial and Administrative Committee met on 17 March 2003. Owing to the absence of the Chairperson, Ms. Gomes dos Santos (Government member, Brazil), the meeting was chaired by one of the Vice-Chairpersons, Mr. Barde (Employer member), who was also the Reporter. Mr. Ahmed (Worker member) was acting Vice-Chairperson. Ms. Nellthorpe (Government member, United Kingdom) was elected Vice-Chairperson.

**Premises for the Regional Office
for the Americas, Lima**

1. The Subcommittee had before it two documents concerning the progress made with regard to the planned new premises for the Regional Office in Lima.¹
2. Mr. Ahmed (Worker Vice-Chairperson) congratulated the Office on the call for tenders that had remained within the financial limits approved by the Governing Body while including the planned work on the sixth floor and the demolition of the current building. He hoped to see the quality of work maintained and collaboration between the social partners at the local level and the Government. The builder had to be able to respect all applicable labour and safety standards. He wished to know how long the work would last, and the services and facilities that would be available in the future building.
3. The representative of the Government of Kenya, speaking on behalf of the African group, congratulated the Office on seeing the task through successfully, and hoped that the regional team would be rehoused quickly in the new premises. He endorsed the concerns expressed by Mr. Ahmed regarding safety standards. The Office would ensure the comfort of its staff.
4. Ms. Anderson Nevárez (Worker member) referred to the status of the project and asked if the ILO was the owner of the land in question.
5. Mr. Lima Godoy (Employer member) expressed his appreciation for the quality of the project design and hoped that the construction of the new Regional Office premises would

¹ GB.286/PFA/BS/1 and GB.286/PFA/BS/1(Add.)

mean greater emphasis on the policy of decentralization. He regretted that the addendum to the document had not been presented by the Office until the morning of the discussion, although, in view of the major expenditure involved, it would have been preferable for the Subcommittee to have more time to consider it. As the Worker member had indicated, consultation among the social partners should be part of the process. He considered that the process of calling for tenders was not sufficiently open, and he wished to know what the Office's rules on the matter were. If a call for tenders was not public, companies might fix the price among themselves. He added that he did not call into question the outcome of the process in Lima, although it would be desirable in future for the Office to act on the basis of wider public calls for tender. He wished to know what the financial ramifications of the sixth floor would be. Lastly, he asked for confirmation that the current arrangement with the Ministry of Labour for rehousing staff during the building work would not cost the Office anything.

6. The representative of the Government of the United Kingdom, while expressing satisfaction that the project had been examined and approved by the Contracts Committee and its Treasurer, asked whether the construction of the sixth floor had been included in the architect's original design. She also requested clarification regarding the dates on which the project was due to begin and end.
7. The representative of the Government of Japan noted that the contract submitted for approval amounted to US\$1,921,000, although the Building Subcommittee in November 2002 had expressed a wish to limit the cost to \$1,850,000. Given the cost overrun, he asked why there had been no new calls for tender in order to remain within the set budget, and asked if the Office's financial regulations allowed for such a procedure.
8. The representative of the Government of Brazil expressed complete agreement with the Office recommendations as indicated in paragraph 9 of the addendum to the document, and requested that the Office remain within the limits indicated. He asked whether the proviso regarding unforeseen circumstances in paragraph 7 should not rather be included under paragraph 9.
9. The representative of the Director-General (Executive Director and Acting Treasurer), in reply to different questions raised, recalled that the procurement process, including the need for competitive bidding and advertising, was regulated by section X of the ILO Financial Rules. For this particular project, the Office had pre-qualified five reputable local construction companies, based on financial, technical and social criteria that were discussed at the Building Subcommittee in November 2002. He noted that the observance of labour and occupational safety standards and laws was also prescribed in the contract. He emphasized the involvement of the Office Advisory Group throughout the project, which includes local staff representatives, and described the detailed tender documentation, rigorous review of the bids by the Technical Evaluation Group, the post-tender negotiation with the lowest bidder, and the involvement of the Contracts Committee to ensure that the procedures followed were entirely in accordance with the Financial Rules. He noted that the project site was already legally owned by the ILO, and that the new construction would be completed in precisely one year, during which time the staff of the Regional Office would be accommodated free of charge by the Ministry of Labour. Some penalties for delayed completion were foreseen in the contract. The new building would include many additional facilities such as a substantial car park and auditorium, and the premises could accommodate up to 125 staff. He also recalled that the recommended bid was below the ceiling of \$2 million established by the Governing Body in March 2002. Even the architect's estimate had been increased to \$1,874,000, and the post-tender negotiations had enabled the recommended bid to be reduced closer to the desired figure of \$1,850,000. He noted that the completion of the concrete structure for the sixth floor had been foreseen in the initial project, as a possible storage area. However, the

Office had now requested a separate price for its completion as a possible cost-saving option, although there were clearly economies of scale in completing the sixth floor structure at this time rather than undertaking the construction at a later stage. Concerning the contingency reserve, the representative of the Director-General recalled that the project was a fixed-price contract, and possible price increases exclusively concerned statutory increase of labour rates, which he estimated could add up to \$20,000 to the overall contract.

10. Mr. Muñoz, Director of the Regional Office, recalled the emphasis which he and the Office had given to participation by the social partners in the project, which was important for the Peruvian authorities. This had been indicated during the Fifteenth Regional Meeting for the Americas which had been held in Lima in December 2002. Furthermore, he recalled that the Staff Association had participated actively in the consultative group that had been set up in Lima for the purpose of monitoring all the stages in the construction. The Regional Office was currently expanding, as its staff had grown from 75 to 90 over the past year. It was therefore important to complete the construction in accordance with the architect's original plans. Lastly, with regard to the shortlisting of companies, he recalled Peru's economic difficulties, especially in the construction sector, where there had recently been many bankruptcies. It was therefore important for the Office to be able to draw on the help of solid and well-established enterprises for work done on site in order to avoid unforeseen problems.
11. After some discussion, the Chairperson, noting the consensus that had emerged among the members of the Subcommittee and taking into account the various observations that had been made, revised the recommendations paragraph to read as follows:

The Building Subcommittee may wish to propose that the Programme, Financial and Administrative Committee recommend to the Governing Body that it authorize the Office, upon completion of all contractual arrangements:

- (a) *to award the contract for the construction of the ILO Regional Office for the Americas in Lima to J.E. Construcciones Generales S.A. for an amount not exceeding US\$1,921,000, including the demolition of the present building and the completion of the concrete structure for the sixth floor of the building;*
- (b) *to maintain the difference of \$79,000 between the maximum budget (\$2,000,000) allocated by the Governing Body to this project and the actual contract costs (\$1,921,000) as a contingency reserve fund;*
- (c) *to aim to complete the construction of the Regional Office within a period of one year from the date on which the work begins.*

Optimal use of space at headquarters

12. The Subcommittee examined numeric and graphic information presented by the Chief of the Internal Administration Bureau (Mr. Girod). The ILO's allocation of office space was essentially on a par with average practice in other international organizations. The headquarters building was still fairly inflexible and accommodated approximately 1,600 persons (staff on fixed-term contracts and contracts without limit of time, those on short-term contracts or detached to headquarters to carry out specific tasks, vacant posts in the process of being filled and all the external services, such as the bank and restaurants, as well as external organizations, such as the Staff Union, the auditors, and staff associations).

13. The firm of architects Schaer and Sjoestedt had carried out a review of the third floor, which accommodated both fixed-term and short-term staff, as well as meeting rooms. If the directive on office space allocation were to be applied to the letter, the amount of space saved could total around 3 per cent. This figure was theoretical, given that the building was fairly inflexible.
14. The architects had pointed out that the decision whether or not to apply the rules governing allocation of office space should be based on a framework which would take into account not only the occupants' grade but on the nature of their task. There was a shortage of "buffer space" at headquarters to accommodate temporary staff.
15. The renovation work carried out after the fire in January 2002 on the first floor had been completed. The architects Schaer and Sjoestedt had identified the following possible improvements:
 - selection of materials so as to guarantee safety and health;
 - individual storage space built into walls;
 - increased flexibility through installation of elevated flooring;
 - applying principles of natural lighting (bi-directional lighting);
 - integration of people with physical disabilities.
16. The cost of renovating around 5,000 square metres of office space was estimated at Sw.frs.4,050,000 (\$2.9 million), not including furniture. This had not yet been put up for tender. Adopting an open-plan system combined with individual office space would enable 20 to 60 additional workplaces to be created. Units could be grouped together, buffer spaces could be freed up, participatory modes of work organization could be promoted through open-plan offices, and new meeting, leisure and storage areas created near the activities concerned.
17. To reply to Mr. Ahmed (Worker member), the cost of renovating the offices at the North end of the first floor was covered by the fire insurance compensation paid to the ILO. Mr. Ahmed requested that the study be continued on the basis of the architectural configuration that had been presented, supported by a detailed financial plan.
18. Mr. Lima Godoy (Employer member) pointed out that the choice of open-plan versus closed offices was a cultural issue and commended the architects for having combined the two approaches, which should ease the transition. Asked whether M3 and lower floors would be remodelled, the architects replied that these spaces had not been included in their study. Those floors were considered as an example of successful architectural design and cited as such by specialists in the field.
19. The representative of the Government of Brazil considered that the study should be continued. Each stage of floor renovation should make it possible to improve the design.
20. The representative of the Government of the United Kingdom approved of the combined approach but pointed out that the financial aspects had not been included in the agenda. She wished to see detailed figures by the next meeting of the Subcommittee (November 2003), indicating separately the share allocated to safety in the broad sense of the term (fire safety, electricity, health, etc.) and that allocated to internal office layout.

21. Ms. Anderson Nevárez (Worker member) asked whether open-plan work areas would allow staff to perform as well as they did in closed offices.
22. The representative of the Government of Japan pointed out that in the event of an increase in the number of units, some could be decentralized to the field while others could use the open-plan design at headquarters.
23. At the request of the representative of the Government of Kenya, the architects stated that the Office's energy system had been designed in the 1960s and that this aspect had not been included in their study.
24. The members of the Building Subcommittee then visited the renovated North end of the first floor and saw for themselves how open-plan areas and closed spaces had been combined. Comments made during the visit mainly focused on the quality of the open-plan areas, the way complete flexibility had been maintained, dialogue with staff, both those working in a participatory mode and those who were not, and personal and property security issues together with health aspects of the materials used.
25. *In the light of the information presented, the Building Subcommittee proposes that the Programme, Financial and Administrative Committee request that the Governing Body confirm its wish for a more modern use of the building which would take account of the architects' recommendations, specifically with regard to safety and health aspects. Following this presentation, a complete report should be submitted by the November 2003 session, including a detailed financial estimate and financial plan for the renovation of offices at headquarters.*

Master plan for the “Jardin des Nations” area and site plan for the “Campagne du Grand Morillon”²

26. The Subcommittee had before it a paper reporting on the status of negotiations with the Swiss authorities, a representative of which attended the discussion of this agenda item.
27. Mr. Ahmed (Worker member) stressed the need to initiate and maintain dialogue with all those concerned, including the Swiss authorities.
28. The representative of the Government of Kenya supported Mr. Ahmed's statement. He pointed out the need to ensure the greatest possible flexibility to preserve the ILO's interests and real estate potential.
29. The representative of the Government of the United Kingdom expressed satisfaction but inquired as to the Office's view.
30. The Chief of the Internal Administration Bureau (Mr. Girod) highlighted the collaboration of the local Geneva authorities and the willingness of the Swiss mission, which had undertaken to seek the Office's views before the plan was submitted for approval to the Geneva communes and the Council of State of the Republic and Canton of Geneva.

² GB.286/PFA/BS/3/1.

31. The representative of the Government of Switzerland thanked the members of the Building Subcommittee for allowing him to attend the discussion. He pointed out that the Swiss mission wished to hear the Office's views on this draft master plan and draft site plan.
32. *In view of the above, the Building Subcommittee recommended that the Programme, Financial and Administrative Committee request the Governing Body:*
- (a) to thank the Swiss authorities for their prompt handling of the file; and*
 - (b) to instruct the Director-General to continue to negotiate with the competent Swiss authorities with regard to the final version of the master plan for the area, specifically with a view to retaining the greatest possible flexibility for any project which the ILO might wish to consider in the future regarding the land owned by it, as well as the plot of land leased to it.*

Geneva, 18 March 2003.

Points for decision: Paragraph 11;
Paragraph 25;
Paragraph 32.