



THIRD ITEM ON THE AGENDA

**Premises for the ILO Office in Dar es Salaam,
United Republic of Tanzania**

1. At its 288th Session in November 2003, the Governing Body requested that the result of the bidding evaluation process for the construction of the new ILO premises in Dar es Salaam be submitted to the Building Subcommittee in March 2004.¹
2. Following this decision, tender documents, including detailed technical architectural plans and drawings, were prepared by the architect during December 2003 and January 2004. Following a pre-selection process, the ILO received 18 contractors' portfolios with letters of interest. The Office invited eight contractors to bid after careful scrutiny of their general standing, financial position and building experience, including their adherence to national safety and security standards. Ultimately five contractors submitted their quotations.
3. The bids from all five contractors are significantly higher than the architect's original estimate for construction, and there are wide variations between the lowest and the highest bid. Three of the five bids received range between 60 per cent and 75 per cent higher than the architect's original estimate that was used to establish the budgetary ceiling of US\$1.7 million approved by the Governing Body, while the remaining two bids are more than twice the estimate.
4. Following detailed analysis of the bids, the Office has determined that variations between the architect's estimates and the quotations received may be attributed in part to an underestimation in some quantities and prices, which understated the original construction budget prepared by the architect. Discrepancies between the project feasibility study and the quotations prepared by the contractors in the foreseen building surface area, and further modifications made to the project, including provision for enhanced security and possible future extension of the building, have also contributed to price variations.
5. In the light of these results, the Office undertook a preliminary analysis to identify certain items which could bring the quotations from contractors back into line with the budgetary ceiling of US\$1.7 million approved by the Governing Body. The list below provides a tentative indication of the items which could be modified without compromising the project from an architectural point of view.

¹ GB.288/9/1 (& Corr.2), para. 101.

Description	US\$
1. Reduction in building surface area and structure	419 000
2. Mezzanine to remain unfinished	90 000
3. Simpler finishing of the ceilings (gypsum instead of ceiling tiles)	27 000
4. Reduction in the height of underground parking (from 4.72 to 3 metres)	48 000
5. Reduction in certain electrical and mechanical installations	145 000
Total	729 000

6. During the coming months, the Office proposes to refine the architectural plans and drawings of the project. It will closely scrutinize and corroborate the architect's as well as the quantity surveyor's revised estimates before seeking new quotations from pre-selected contractors.
7. *The Building Subcommittee may wish to propose to the Programme, Financial and Administrative Committee that it recommends to the Governing Body that:*
- (a) *it note the substantial price variations in the submitted bids as compared to the architect's original estimate;*
 - (b) *it authorize the Office to adjust the project and obtain revised bids from the pre-selected contractors, so as to conform to the approved budget ceiling of US\$1.7 million; and*
 - (c) *it request the Office to report on the progress of this project to the Building Subcommittee at its next session in November 2004.*

Geneva, 10 March 2004.

Point for decision: Paragraph 7.