



Governing Body

312th Session, Geneva, November 2011

GB.312/PFA/5(&Corr.)

Programme, Financial and Administrative Section
Programme, Financial and Administrative Segment

PFA

FIFTH ITEM ON THE AGENDA

Building questions: Update on the headquarters renovation project

Overview

Summary

This paper provides information on the progress of the headquarters building renovation project. It also includes a comprehensive risk register for the project.

Policy implications

None.

Legal implications

None.

Financial implications

None.

Decision required

The document is submitted for debate and guidance.

Follow-up action required

None.

References to other Governing Body documents and ILO instruments

GB.309/PFA/BS/2(&Corr.) and GB.309/PV.

Introduction

1. At its 309th Session (November 2010), the Governing Body approved a comprehensive plan for the renovation of the ILO headquarters building,¹ as well as the replacement of the 16 main elevators in the building.² This paper provides information on the progress of the renovation activities between March and August 2011. Further information on developments during the period September–October 2011 will be provided orally at the Governing Body session.

Replacement of elevators

2. Preparation of the detailed technical specifications for the international bidding process by the independent expert and the accompanying documentation such as the draft contract has taken slightly longer than expected. As a result the corresponding bidding process will be launched in September 2011. The independent expert will also assist the Office in evaluating the bids received and monitoring the installation of the new elevators.
3. The actual replacement of the elevators should be completed by the end of 2013. The reason that the replacement will take such a relatively long time is that only two elevators can be replaced at any given moment and that at least five elevators should remain in service at each end of the building in order to avoid excessive waiting times.

Asbestos survey

4. Following a competitive bidding process, the comprehensive asbestos survey of the building began in August 2011. All necessary measures have been taken in line with local regulations to protect the health and safety of both ILO staff and the employees of the contractor undertaking the survey.
5. The survey started in the kitchens on floors R1 and R2 in order to ensure that the findings can be taken into account in drawing up the specifications for the renovation works in that part of the building. The remaining areas will be surveyed between October 2011 and April 2012. The Governing Body will be informed of the preliminary results of the survey at its 313th Session in March 2012.

Kitchens

6. The Office requested the independent consultancy firm that is drafting the detailed technical specifications for the structural repairs to the floors, ventilation, plumbing and electrical installations in the kitchen areas to modify earlier plans so that the coffee shop, which is currently located on the R1 level, can be located near the entrance to the restaurant on R2. This modification will enable some 400 square metres of space on R1 to be used for other purposes.

¹ For details of the plan, see GB.309/PFA/BS/2.

² See GB.309/PV, para. 296.

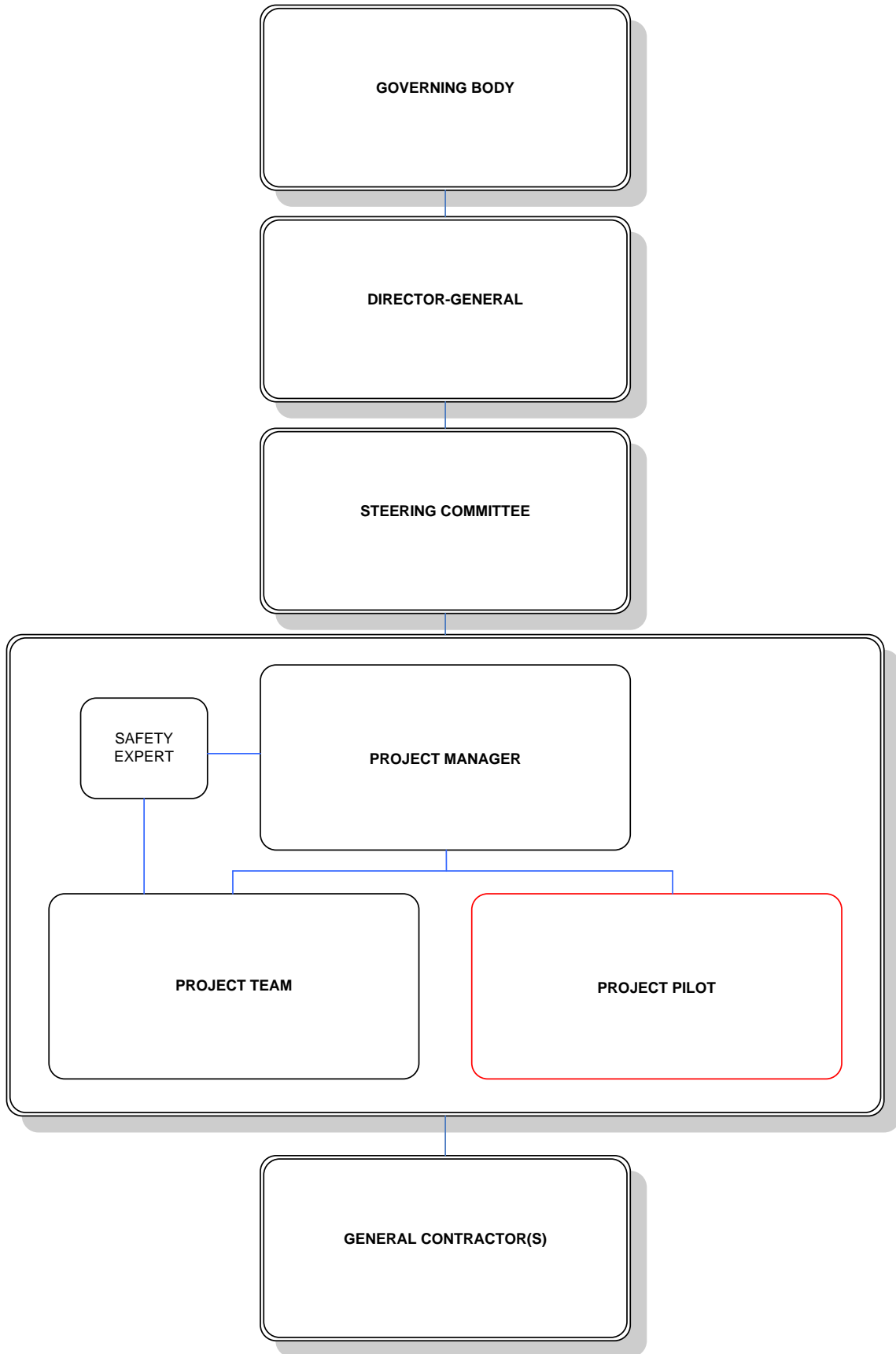
7. It is now expected that the specifications for the renovations of the kitchens will be ready by the end of October 2011 and that the corresponding international bidding process will be launched before the end of 2011. The consultancy firm that is drafting the specifications will also assist the Office in evaluating the bids received and will monitor the actual renovation works. In order to limit the inconvenience for ILO staff and visitors during the renovation, the works are planned to start immediately following the 2012 session of the International Labour Conference. The restaurant and cafeteria will remain open during the whole renovation period.

Annex

8. The renovation project includes a provision for the construction of a temporary office building (annex) on the ILO grounds. This annex will accommodate about half of the officials based at headquarters. The process of drafting the technical specifications for the corresponding international bidding process started in June 2011 and should be completed by the end of September 2011. The annex will be located on the land owned by the ILO at the right-hand side of the main entrance to the ILO grounds. Construction of the annex should be completed by the end of 2012.

Project pilot

9. The international bidding process for a project pilot is about to be launched. The main functions of the pilot will be: to prepare the technical specifications for all the works related to the refurbishment of floors 1 to 11 of the building; to assist the Office in evaluating the bids received; and to provide technical advice and support to the Office in the supervision of the corresponding works during the period 2013–15. As reflected in the organizational chart below, the project pilot will work closely together with the project manager and the project team. The bidding process should be completed by the end of 2011.



Project management

10. The Project Steering Committee has continued to meet on a monthly basis to discuss the different policy and practical issues related to the project. These included: the relations between the Steering Committee and the Contracts Committee with respect to tenders related to the project; the relation between the project pilot and the internal project team; the project communication strategy; the experience of other organizations with similar projects; legal aspects of the project; and the specifications for the annex (including design, size, location and related logistics).

Communication

11. As part of the project communication strategy the Office provides information on the project through its Internet and Intranet sites, which are regularly updated. The strategy also includes regular information meetings for line managers and staff, particularly in relation to the ongoing asbestos survey and the office moves that will take place in early 2013.

Relations with the host government

12. While the Working Group on the Development and Use of ILO Property did not have any formal meetings during the period January–August 2011, informal discussions took place with host country authorities at different levels concerning the “Jardin des Nations” master plan, including the rezoning of the two non-strategic plots that the ILO envisages selling to partially finance the completion phase of the renovation project (2016–18). These discussions are aimed at making it possible for the ILO, the World Health Organization and the United Nations Office at Geneva to withdraw their reservations concerning the originally proposed legislation concerning the “Jardin des Nations” master plan. Following approval of the legislation, planning requests may be formally submitted for approval and the sale process initiated.

Risk register

13. A comprehensive risk register for the different elements of the first phase of the renovation project is attached as an appendix to this document. The risk register will be further elaborated by the project pilot and will be regularly updated to reflect new risks and mitigation measures taken.

Geneva, 14 September 2011

Appendix

ILO headquarters building renovation project phase 1 risk register (Version 1, August 2011)

1	General project risks	Key		
2	Asbestos survey	Probability	Proximity	Impact
3	Replacement of elevators	H: high	C: close	H: high
4	Renovation of kitchens	M: moderate	M: medium	M: medium
5	Construction of ANNEX	L: low	F: far	L: low
6	Refurbishment floors 1 to 11 (Middle and North)			

No.	Risk	Probability	Proximity	Impact (cost)	Impact (delay)	Impact (quality)	Mitigation	Residual risk
1	General project risks							
1.1	Governance and management							
1.1.1	Project governance and management processes not clearly defined, resulting in confusion regarding roles and responsibilities and accountability.	M	C	M	H	M	Clearly defined terms of reference for Steering Committee, project team, project pilot and project manager.	Low
1.1.2	Insufficient in-house capacity to manage large-scale project of this kind.	M	C	H	H	M	Recruitment of qualified staff for project team.	Low
1.1.3	Information not shared between Steering Committee, project team, project pilot and project manager, resulting in inability to take timely and informed decisions.	M	M	H	H	M	Regular meeting and reporting schedules established and fully respected.	Low
1.1.4	Potential scope creep, cost over-runs and delays not detected on time due to	M	C	H	M	L	Precise, legally tight, fixed price contracts.	Medium

No.	Risk	Probability	Proximity	Impact (cost)	Impact (delay)	Impact (quality)	Mitigation	Residual risk
	inadequate wording of contracts.							
1.1.5	Potential scope creep, cost over-runs and delays not detected on time due to inadequate monitoring, reporting and accounting procedures.	M	M	H	H	L	Reporting schedules fully respected; project Steering Committee to establish well-defined thresholds for escalation and approval of change orders.	Low
1.1.6	Project pilot and other contractors do not have sufficient insurance coverage to cover claims regarding technical defects, accidents, etc.	L	C	H	M	L	Contracts require adequate insurance coverage.	Low
1.1.7	Aggravated risks are not properly disclosed to insurers resulting in refusal of benefits at time of claim.	M	C	H	L	L	Steering Committee on Insurance Coverage (SCIC) to advise on disclosures to be communicated and additional insurance to be placed, if necessary.	Low
1.1.8	Contract disputes with one or more contractors result in delays in related works.	M	C	M	H	L	Contract wording to contain effective dispute resolution mechanisms.	Medium
1.1.9	Materials used by contractors do not conform to technical specifications of the respective request for proposals (RFP) resulting in need for extensive repairs after project completion.	L	M	H	H	H	Testing of materials used by project pilot; guarantee provisions in contracts; retention of 10 per cent of contract amount until works formally accepted by ILO.	Low
1.2	Planning							
1.2.1	Original planning not realistic, resulting in implementation delays and cost over-runs.	M	C	H	H	M	Each element of the project has clearly defined milestones to enable monitoring of progress; penalty clauses in contracts with contractors; day-to-day monitoring by project pilot and project team.	Medium
1.3	Funding							
1.3.1	Approved budget insufficient to fund all foreseen and unforeseen activities.	L	F	H	M	L	Fixed-price contracts with clear technical specifications; strict budget control and forecast procedures; contingency reserve.	Low

No.	Risk	Probability	Proximity	Impact (cost)	Impact (delay)	Impact (quality)	Mitigation	Residual risk
1.4	Communication							
1.4.1	Lack of communication with ILO staff leads to confusion, misunderstandings, demotivation and complaints.	M	M	L	L	L	Develop transparent and effective communication strategy; include staff representatives in project team.	Medium
1.4.2	Lack of communication with ILO constituents leads to confusion and misunderstandings.	M	M	L	L	L	Regular progress reporting to Governing Body and site visits for constituents.	Low
1.4.3	Waivers of liability are inadequately worded or communicated resulting in unintended liability in the event of material damage, personal injury, illness or death.	M	C	H	L	L	Waivers are adequately worded and communicated.	Low
1.5	Health and safety/employment standards							
1.5.1	Applicable health and safety standards not respected, resulting in accidents and litigation.	L	M	L	M	L	Contract terms concerning safety and health clearly defined; safety inspector on site.	Low
1.5.2	Contractors do not respect applicable ILO labour clauses or collective agreements.	L	M	L	M	L	Contract terms concerning employment conditions clearly defined; regular monitoring by project team.	Low
2	Asbestos survey							
2.1	Contractor does not respect applicable local and ILO standards.	L	C	L	H	H	Contract requires compliance with local and ILO standards.	Low
2.2	Considerably more asbestos is discovered than expected, resulting in higher removal/containment costs.	M	C	H	H	L	Use budget provision for unforeseen expenditure to cover higher removal/containment cost.	Low
2.3	Survey takes longer than expected due to discovery of more asbestos than foreseen, resulting in later start of refurbishment of floors 1 to 11.	L	M	M	M	L	Use budget provision for unforeseen expenditure to cover higher cost of refurbishment of floors 1 to 11.	Low

No.	Risk	Probability	Proximity	Impact (cost)	Impact (delay)	Impact (quality)	Mitigation	Residual risk
2.4	Discovery of asbestos at higher levels than expected, if not communicated properly to staff, could lead to staff concerns and increase in grievances for service-incurred illness.	L	C	H	M	L	Ensure staff are appropriately informed of results of the survey and adequate protection and containment measures taken.	Low
3	Replacement of elevators							
3.1	Replacement takes longer than foreseen.	L	M	L	H	L	Penalty clauses in contract.	Low
3.2	Unacceptable waiting times for remaining elevators during installation period.	M	M	L	L	L	Replace elevators one by one.	Low
3.3	Elevators not functioning properly after replacement.	L	M	L	L	H	Include precise guarantee provisions in contract.	Low
4	Renovation of kitchens							
4.1	Unforeseen technical difficulties make it necessary to close cafeteria during one or more periods.	L	M	L	M	H	Arrange limited catering elsewhere in building.	Low
4.2	Customers not satisfied with new layout self-service and coffee shop areas.	L	F	L	L	H	Discuss proposed layout with Restaurant Committee before plans finalized.	Low
5	Annex							
5.1	Construction of annex takes longer than planned, delaying move of staff from main building.	M	M	L	M	L	Reschedule moves and temporarily accommodate greater number of staff in South end of main building.	Low
5.2	Unforeseen increases in number of headquarters-based technical cooperation (TC) staff resulting in cramped conditions.	M	F	L	L	L	Reduce space allocation for TC staff, decentralize TC projects or rent commercial space for TC staff.	Medium
5.3	Facilities and layout of annex do not meet technical standards specified in RFP, resulting in discomfort of the staff and unexpected supplementary repair costs.	L	F	M	M	H	Technical specifications in contract to be clearly and precisely worded; penalty clauses in contract to cover defects.	Low

No.	Risk	Probability	Proximity	Impact (cost)	Impact (delay)	Impact (quality)	Mitigation	Residual risk
6	Refurbishment floors 1 to 11 (Middle and North)							
6.1	Project pilot cannot perform all its tasks due to prolonged absences or resignation of some of its staff.	M	M	M	M	M	Contract with project pilot to provide assurance absences can be met through timely replacement.	Low
6.2	Unforeseen technical problems make it impossible to finish refurbishment on time and within budget.	M	F	H	H	M	Precise wording of contracts with project pilot and general contractor to ensure risk is shared.	Low
6.3	Works in North end and middle of building create more noise and dust nuisance than expected for officials located in South end of the main building.	L	M	L	L	L	Make sure separation walls sufficiently thick and noise-absorbing; ensure ventilation South end separated from rest of building.	Low
6.4	Refurbished offices do not meet ILO functional needs or expectations of staff.	L	F	L	L	M	Extensive consultations with management and staff when specifications established by project pilot.	Low
6.5	Operation of new technologies introduced is not self-evident, resulting in initial negative reaction by staff (e.g. automatic blinds).	L	F	L	L	L	Training programme for staff to be able to operate new technology.	Low