

Governing Body

337th Session, Geneva, 24 October–7 November 2019

GB.337/PFA/2(Add.1)

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

PFA

Date: 25 October 2019

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SECOND ITEM ON THE AGENDA

Update on the headquarters building renovation and the security perimeter projects

Addendum

1. At its 335th Session (March 2019), the Governing Body approved in principle the sale of plot 4057 on terms to be negotiated by the Director-General and authorized the Director-General to commence a tendering process to identify a potential development partner to collaborate with the Office through the planning and approval process. The Governing Body also requested the Director-General to seek its final approval on the general terms of any sale arising from the tendering process.¹
2. As the tendering process is not yet entirely completed, the Governing Body will understand that due to the commercial sensitivity of the offers received and the availability of Governing Body documents to the general public, more specific detailed information cannot be provided in this document.
3. The tendering process resulted in 11 offers being received from individual entities and consortia. The offers ranged from unconditional cash offers, payable on the date of signature of the notary deed, to unconditional offers with payments phased over a five-year period, and offers with payments subject to planning approval and building permits being received from the State of Geneva. In many cases, the offers not only included a proposed base sale value but also provided for an escalating value based on final building density approvals and flexibility with other planning parameters that could be approved by the local authorities. With few exceptions, the offers received met or exceeded the expectations presented to the Governing Body at its 332nd Session (March 2018) and would be sufficient to cover the cost of phase 2 of the headquarters building renovation. Moreover, a significant contribution towards the cost of implementing a revised full security perimeter for the headquarters

¹ [GB.335/PFA/3\(Add.\)](#).

building and elements of the renovation of the lower floors previously removed from the scope of phase 2, such as the ILO Cinema Room, could also be envisaged.

4. In conjunction with professional advisers, the Office identified a shortlist of bidders and engaged in a question and answer session with each of them to clarify aspects of their offer and in particular any associated risks. The proposals received were evaluated on the basis of the following criteria with a view to identifying a solution that included, in order of priority:
 - (a) obtaining the required resources within the indicative timeline to finance the phase 2 works;²
 - (b) minimizing risk to the ILO of non-receipt of the full contract value;
 - (c) limiting dependency on Office involvement post-sale; and
 - (d) opportunity to participate in improved development potential if authorized by the cantonal authorities.
5. Subsequently, three offers were considered to be the most compatible with the ILO's needs and further negotiations are about to be undertaken with a view to finalize and sign contractual documents as soon as possible. The Office will engage external legal expertise specialized in real estate transactions to support the Office of the Legal Adviser in reviewing the final contract terms.
6. The preferred offers include a base contractual price that exceeds the projected cost of the phase 2 renovations. There include cash offers payable on signature and progressive payments sufficiently aligned to the cash flow needs of the renovation project and would be guaranteed through a reputable mortgage or equivalent security. The possibility of obtaining increased value through enhanced development rights is a feature of one of the offers retained.
7. The companies or institutions involved are significant and reputable actors in the Geneva real estate market.
8. To allow contractual negotiations to be finalized while respecting the commercial sensitivity of this matter and the need to proceed rapidly so as to minimize additional costs accumulating through any prolonged lack of continuity between renovation phases, the Governing Body is requested to authorize the Director-General to pursue and conclude negotiations with the selected bidder on contractual terms that, at a minimum, ensure that the estimated costs of phase 2 are fully covered.

Draft decision

9. *The Governing Body:*

- (a) *authorized the Director-General to finalize contractual terms for the sale of plot 4057 located in Geneva, consistent with the criteria set out in paragraph 4 of document GB.337/PFA/2(Add.1);*

² GB.335/PFA/3, Appendix I.

- (b) recommended to the Conference that it approve, at its 109th Session (June 2020), in accordance with article 11.1 of the Financial Regulations, the transfer of the sale proceeds to the Building and Accommodation Fund by adopting a resolution in the following terms:***

The General Conference of the International Labour Organization,

Decides that the net proceeds from the sale of the ILO-owned land, plot 4057 located in Geneva, Switzerland, be credited to the Building and Accommodation Fund; *and*

- (c) decided that those proceeds required for the completion of the renovation of the headquarters building, including the security perimeter, be allocated for that purpose.***