



## FIRST ITEM ON THE AGENDA

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

1. Construction work for the new Lima premises is currently on schedule. As previously planned, the handing over of the building for initial acceptance by the ILO is foreseen during the latter half of April 2004 with final acceptance to follow a year later, in April 2005, upon the expiry of the warranty period. The ILO staff in Lima is planning to vacate the temporary premises, graciously offered by the Government of Peru, and move to the new building in May 2004.
2. To date, the contractor's work has been executed to the full satisfaction of the ILO. A building specialist from headquarters visited the construction site in December 2003 and finalized all the detailed technical requirements for the new offices (cabling, communications, etc.). The finishing work of the building is proceeding well, and a two-week delay foreseen for the delivery of the granite stone, to be installed on the facade of the building, should not result in any delays in the overall completion schedule.
3. The Governing Body has approved a maximum budget of US\$2 million, including a contingency reserve of US\$79,000. The general sales tax, which is initially paid on all purchases but subsequently reimbursed to the ILO by the Ministry of Finance, is excluded from the project budget. The construction of the building continues to be meticulously monitored against the original detailed plans, which are supported by a fixed-price contract amounting to US\$1,921,000 to avoid cost increases. However, the contractual obligation of the Office to compensate the contractor for statutory wage increases has resulted in a price escalation of US\$15,600 which was paid by the Office to the contractor following a 4 per cent increase in the local construction sector wages. This was reported to the Governing Body by the Building Subcommittee in November 2003.<sup>1</sup> Emphasis continues to be given to improve safety of staff and assets in Lima, with initiatives being funded from existing resources.
4. *The Building Subcommittee may wish to propose to the Programme, Financial and Administrative Committee that it recommend to the Governing Body that the wage increases, which total US\$15,600, be charged to the contingency reserve of*

<sup>1</sup> GB.288/PFA/7 para. 9.

*US\$79,000 that had been set aside for this project, thus leaving a balance on the reserve of US\$63,400.*

5. The Office will be pleased to provide the Building Subcommittee with a series of pictures showing the recent stages of the construction. The Building Subcommittee may also wish to determine its representation for the inauguration of the new premises for the Regional Office for the Americas in Lima.

Geneva, 4 March 2004.

*Point for decision:* Paragraph 4.