



SIXTH ITEM ON THE AGENDA

Report of the Building Subcommittee

1. The Building Subcommittee of the Programme, Financial and Administrative Committee (PFA) met in Geneva on 15 March 2010. The Officers of the Subcommittee were: Mr Paixão Pardo (Government member, Brazil), Chairperson and Reporter; Mr Lima Godoy (Employer member) and Mr Khurshid Ahmed (Worker member), Vice-Chairpersons.
2. The Subcommittee and the administration of the Office expressed their solidarity with the victims of the recent earthquakes in Haiti and Chile.

Status report on ongoing renovation activities

3. The Subcommittee had before it a paper¹ on the status of ongoing renovation activities at the Geneva headquarters building.
4. The Worker members appreciated the work done and were particularly satisfied with the attention paid to the health and safety concerns. For the future, they look forward to the installation of electric outlets in the Governing Body room. They asked the Office to make sure to select high standard equipment (such as in room VII).
5. The Employer members joined the Workers in thanking the Office for the work that had been carried out, and emphasized that the work had been done within the deadlines and within budget.
6. The representative of the Government of the United Kingdom, speaking on behalf of the industrialized market economy countries (IMEC), said she regretted that the work had been done piecemeal without any real strategic plan. She hoped that an overall vision could be put forward.
7. The representative of the Government of Brazil, speaking on behalf of the group of Latin American and Caribbean States (GRULAC), said that she would follow future work attentively, especially with regard to the installation of electrical sockets in the Governing

¹ GB.307/PFA/BS/1.

Body room, which was something that had been requested by the Subcommittee on a number of occasions and would enable the Office to make savings.

8. The Executive Director for Management and Administration reassured the Subcommittee that there were no ILO staff among the victims of the recent disasters in Haiti and Chile, and the Santiago building appeared to have suffered no structural damage. Some additional studies were under way to ensure that the building was completely undamaged. She emphasized the importance for staff of working in buildings that were in a sound condition and met legal standards. Replying to the comments made by the IMEC group, she noted that the work had been done with the long term in mind and would not be redone when the building was renovated. Once the overall renovation project had been approved, the Office would be able to start the major work and avoid a piecemeal approach.

Update on developments in relation to the future renovation of the ILO headquarters building

9. The Subcommittee had before it a paper² on the status of discussions with the Swiss authorities in relation to the development of lands held by the ILO.
10. The Treasurer and Financial Comptroller introduced the report and summarized its main points.³ He recalled the decision of the Director-General to carry out a detailed analysis of the proposed options and submit them to the Subcommittee for decision. He added that, once funding for the renovations had been secured, the study carried out in 2006 by Techdata would be revisited and the project would be examined in detail.
11. The Employer members thanked the Office for the clear presentation and recognized that the rate of progress on the project did not depend on the Office alone. They nevertheless reminded the Office of the need to keep them regularly informed with regard to progress in negotiations with the Swiss authorities. They also requested the Office to pay particular attention to the planned development and maintenance of paths and public areas. The legal and financial roles and responsibilities of all parties must be clearly defined. With regard to options for financing, the Employer members requested the Office to provide them with a plan for the management and use of resources. Such a plan would describe the resources necessary and how they would be allocated, and would facilitate decision-making. The Employer members supported the proposal to transfer the net premium to the Building and Accommodation Fund.
12. The Worker members noted the paper, but felt it lacked details. They thanked the Treasurer and Financial Comptroller for his oral presentation – which gave some interesting information that should be shared in writing – while regretting that no inter-sessional information had been provided on this important issue, as promised last November. Concerning the plans on the development of public areas – including pathways – the Workers’ group believed that the ILO should not establish an easement towards the Geneva authorities, but simply a private agreement, which would allow to modify the traced paths, should the need arise. Consideration should also be given to the security requirements of the building in the negotiation of spaces for public use. Workers felt that the timetable referred to in the document was a bit premature, in light of the discussion

² GB.307/PFA/BS/2.

³ At the request of the Subcommittee, the introductory remarks of the Treasurer and Financial Comptroller are attached to the present report (Appendix I).

around the two plots of land (avenue Appia and rue de Ferney), the property value and the political discussions with the local and federal authorities which contained complex elements. Concerning plot 3844, the Governing Body should assess the best option in terms of financial returns while keeping in mind the values of the Organization and maintaining the possibility to use the new building as swing space for ILO staff during the renovation of the ILO building. In terms of plot 3924, workers favoured exploring several options, including the possibility of having hotel facilities that could benefit delegates or officials that are in Geneva for a short period of time. Workers reiterated their suggestion to build a conference facility as an alternative to the use of the *Palais des Nations*, since the solution of the Conference Centre Varembe should remain provisional and the International Labour Conference (and other ILO meetings) should take place at the ILO which is a UN setting. They asked the Office to do some historical research, looking at the original design of architect Pierluigi Nervi concerning a possible extension on the land outside the Governing Body room on the south. In reference to the financial aspects, the Workers pointed out that a paper was being submitted to the PFA Committee on the possible allocation of the net premium earned in 2008-09 to the Building and Accommodation Fund, which would bring the resources in the Building and Accommodation Fund to some 90 million Swiss francs (CHF). They supported such a suggestion. Finally, the Worker spokesperson stated that all the elements of the renovation activities were interlinked and that in taking a decision on the options for the renovation, the Governing Body would need to be provided with an overall picture of development of the areas and an idea of the possible package of agreement between the ILO and the Geneva and Swiss authorities.

13. The representative of the Government of Brazil, speaking on behalf of GRULAC, expressed confidence in the ongoing negotiations. She called on the Office to maintain its excellent relations with the Swiss authorities and invited it to continue its efforts with regard to the various building permits and authorizations.
14. The representative of the Government of Japan requested the Office to undertake a study of each plot and present a master plan to the Subcommittee. Every option entailed a risk, which should be assessed. In the same vein, any decision on the use of the net premium should be examined judiciously.
15. The representative of the Government of the United Kingdom, speaking on behalf of IMEC, emphasized the importance of having a master plan before the June 2010 session of the Conference. In the context of the current crisis, the debts owed by certain governments and the scant information available, she found it difficult to accept the transfer of the net premium to the Building and Accommodation Fund. Such a sacrifice, which would only penalize a small number of governments, would be seen as disproportionate.
16. In reply to questions from members of the Subcommittee, the Treasurer and Financial Comptroller said that the renovation project was continuing and that the Office undertook to finalize it in the best possible way with the Swiss authorities. The issue of funding for the renovation had to be given priority treatment so that a master plan could be drawn up subsequently and a timetable established; the one planned which had been communicated in the document was realistic in view of the latest information obtained. Regarding the various plots of land and their development, the options which had been proposed were still current and were being examined. The statue of Miguel Hidalgo y Costilla, a gift from Mexico, would be installed at a location where it would have the requisite degree of visibility. With regard to the debate concerning the transfer of the net premium earned, the issue would be discussed at the meeting of the PFA Committee.
17. The Executive Director of the Management and Administration Sector said that the report of the Building Subcommittee would be available before the PFA Committee meeting so

that the members could read it in time. To accompany the discussion, the comments on the use of the net premium earned would be forwarded to the PFA Committee. She added that the City of Geneva had agreed to undertake part of the renovation of the statue of Miguel Hidalgo y Costilla free of charge.

Report on the Building and Accommodation Fund (2008–09)

18. The Subcommittee had before it a document⁴ for information providing a summary of financial activity of the Building and Accommodation Fund for 2008–09.
19. The Treasurer and Financial Comptroller said that the document had been drafted in January 2010, namely before the closure of the accounts. The document had been updated afterwards and attached to the present report (Appendix II).
20. The Employer members commended the Office on the document. With regard to non-allocated resources, they wondered about the stated amount of some CHF5,650,000 necessary for the establishment of a master plan.
21. The representative of the Government of Brazil, speaking on behalf of GRULAC, asked the Office for clarification regarding expenditure relating to the building in Santiago (Chile).
22. The Treasurer and Financial Comptroller explained that the amount linked to the master plan not only concerned the implementation of the study but also encompassed costs connected with the project team and procurement procedures. Pending confirmation of the financial arrangements, the detailed work on the master plan could not yet commence. With regard to the building in Santiago, expenditure of CHF34,035 had been incurred in order to meet safety requirements.

Other questions

23. The Subcommittee had before it a document⁵ informing it of the need to replace smoke detectors at the headquarters building. It noted its contents.

Geneva, 16 March 2010.

⁴ GB.307/PFA/BS/3.

⁵ GB.307/PFA/BS/4/1.

Appendix I

Update on developments in relation to the future renovation of the ILO headquarters building (GB.307/PFA/BS/2)

Introductory statement made by the Office

1. The paper before the Subcommittee provides an update of the current status of discussions with the Swiss authorities.
2. To recap, the plan for the *Jardin des Nations* adopted by the local authorities provides for limited construction ratios of “office space” per square metre of land, linked to the current zoning. The plan proposes a modification of the current zoning which applies, inter alia, to the ILO land. This proposed modification would increase the construction ratio on the land. The importance of the construction ratios is that the potential value of the land is directly related to the construction potential on the land. The proposed modification also expands the allowable use of the land beyond use strictly for international organizations. The Office provided its comments on the plan for the *Jardin des Nations* as requested by the Canton in 2004.
3. The process of modifying the zoning is well under way and is presently in what is referred to as a “time-bound appeals period” when objections can be received from property owners, neighbours and the communal authorities. The canton authorities are charged with reviewing and resolving these objections before presenting the modification for approval to the cantonal executive body (*Conseil d’Etat*). This process is controlled by the canton authorities and we are advised that it could be completed by autumn 2010.
4. In parallel with this process, the ILO has been working with the Canton and the City of Geneva on a development plan (*Image Directrice*) that would further increase the construction ratio to an average of 1.8 across all ILO land and would set the parameters concerning public access, construction ratios and principles relating to building perimeters, etc. The plan includes extending the permitted use of the land to administrative and residential purposes, including low cost accommodation. Such a plan would of course be subject to the approval of the zoning modification as well as the approval of a PLQ (local development plan – *plan localisé de quartier*) for the specific sites. The PLQ also requires formal approval by the Canton, with similar provisions for objections from neighbours and communal authorities.
5. The final step in the process to develop a saleable project that would optimize the value of the land is to obtain a construction permit, including architectural plans. The final decision to grant a construction permit respecting the parameters established in the preceding steps, rests with the canton authorities.
6. The Office has been pursuing all of these phases with the relevant authorities in parallel to minimize delays. Each phase involves considerable administrative processes and decision-making, most of which are beyond the direct control of the Office. As such, the timelines indicated in the paper for these phases can only be broadly indicative. As potential developers of the land would be non-UN entities, it is essential that local planning regulations are fully respected.
7. In line with previous guidance of the Governing Body, the Office is endeavouring to optimize the value it receives from its land holdings to finance in part the headquarters renovation project. These land holdings are an important asset of the Organization. Therefore, the Office has a duty to ensure that such assets are only disposed of following full and informed consideration of all aspects of the transactions and of any alternative

arrangements that may be in the long-term interests of the Organization. This is particularly so in the current economic climate where financial forces may make it difficult to find suitable investors and/or reduce the realizable value of the land. Uncertainty over the timing of decisions and the outcome of the administrative procedures which are outside the control of the Office also add a significant risk factor.

8. Given the importance of the decisions that will have to be made on all aspects of any of the agreements or transactions referred to, the Director-General has decided, as a matter of due diligence, to obtain an independent analysis of the final proposals and submit the full package of proposals to the Governing Body for its agreement before any final commitment is made.
9. In terms of the renovation work itself, as soon as there is certainty on the financial package, the Office will revisit and adjust the technical study undertaken in early 2006 (the Techdata study) and commence the development of the detailed planning for the project.

Appendix II

Building and Accommodation Fund

Movements 1 January 2008–31 December 2009 ¹

	General (in CHF)	Headquarters building refurbishment project (in CHF)	Future Refurbishment (in CHF)	Total (in CHF)
Opening balance	9 175 392			9 175 392
Income				
Net premium 2006–07		32 270 414		32 270 414
Special Programme Account		25 194 000		25 194 000
Contribution from regular budget Part I	379 868			379 868
Contribution from regular budget Part IV			3 125 000	3 125 000
Rental income	610 860			610 860
Miscellaneous income	46 810			46 810
Interest (net)	296 825	1 237 796	90 557	1 625 179
Total income	1 334 363	58 702 210	3 215 557	63 252 131
Expenditure				
– Santiago – Office	34 035			34 035
– Lift for persons with disabilities	98 872			98 872
– Headquarters building refurbishment – Urgent works	4 677 006			4 677 006
– Headquarters building refurbishment – Master plan		349 047		349 047
– Replacement of boilers	156 998			156 998
– Urgent repairs	203 236			202 236
Total expenditure	5 170 147	349 047	0	5 519 194
Allocated and unspent				
– Dar es Salaam – Office	233 494			233 494
– Lift for persons with disabilities	21 128			21 128
– Headquarters building refurbishment – Urgent works	2 489 478			2 489 478
– Headquarters building refurbishment – Master plan		5 650 953		5 650 953
Total allocated and unspent	2 744 100	5 650 953	0	8 395 053
Balance at 31/12/2009	2 595 508	52 702 210	3 215 557	58 513 276

¹ Subject to audit.

Building and Accommodation Fund

Status of approved activities – 31 December 2009¹

	General (in CHF)	General (in US\$)	Headquarters building refurbishment project (in CHF)	Future Refurbishment (in CHF)
Approved activities				
Title				
Dar es Salaam – Office				
Approved amount GB.288/PFA/7 (November 2003)		1 700 000		
Expenditure previous biennia		1 466 738		
Expenditure current biennium				
Balance available	233 494	233 262		
Santiago – Office				
Approved amount GB.288/PFA/7 (November 2003)		1 920 000		
Expenditure previous biennia		1 887 918		
Expenditure current biennium		32 082		
Balance available	0	0		
Lift for persons with disabilities				
Approved amount GB.295/PFA/14 (March 2006)	120 000			
Expenditure previous biennia				
Expenditure current biennium		98 872		
Balance available	21 128			
Headquarters building refurbishment – Urgent works				
Approved amount GB.297/PFA/BS/3 (November 2006)	7 700 000			
Expenditure previous biennia				
Expenditure current biennium		4 677 006		
Balance available	3 022 994			
Headquarters building refurbishment – Master plan				
Approved amount GB.301/PFA/BS/1 (March 2008)			6 000 000	
Expenditure previous biennia				
Expenditure current biennium			349 047	
Balance available			5 650 953	
Replacement of boilers				
Approved amount GB.304/PFA/10/1 (March 2009)	350 000			
Expenditure current biennium ²		156 998		
Urgent repairs				
Approved amount GB.303/PFA/9/1 (November 2008)	500 000			
Expenditure current biennium ²		203 236		

¹ Subject to audit. ² GB.306/PFA/BS/4 (November 2009).