

Audit of the new construction project for the embassy in Beijing

Federal Department of Foreign Affairs, Federal Office for Buildings and Logistics

Key facts

The new construction project for the embassy in Beijing aims to replace the existing buildings dating from the 1970s, due to obsolete technical installations, the need for more workspaces and the need to comply with seismic standards. In 2016, the Federal Department of Foreign Affairs (FDFA) commissioned the Federal Office for Buildings and Logistics (FOBL) to undertake the project, which is currently awaiting authorisation from the Chinese authorities. Pending their response, the FDFA and the FOBL have decided to suspend the planning of the project and to wait before presenting the project and the request for credit to Parliament. The latest cost estimate stands at around CHF 48 million.

The Swiss Federal Audit Office (SFAO) carried out an audit of the construction project, focusing on its management by the Swiss stakeholders, i.e. the FDFA and the FOBL. Generally speaking, the project was organised and managed in accordance with current standards, taking into account local specificities. However, there are important aspects to be reviewed in terms of cost-effectiveness, starting with the size of the project.

The SFAO carried out this audit as part of its legal mandate, which is anchored in the Federal Audit Office Act, based in particular on the Ordinance on Federal Real Estate Management and Logistics. The assessments and recommendations are directed solely at the Swiss authorities.

Workspace requirements should be regularly reviewed

In 2016, when the project was launched, there were 89 employees working in the chancery of the embassy in Beijing, and in previous years the trend had been for this number to increase. However, this trend was reversed in 2018, initially due to a streamlining of the organisation, then to COVID and the drop in demand for visas and activities in general. In 2022, 64 employees were working in the chancery of the Beijing embassy.

The current project, based on the FDFA order approved by the FOBL, includes 132 workstations, i.e. double the current number of employees.

The cost-effectiveness and efficiency criteria are not yet fulfilled

As stipulated in the Ordinance on Federal Real Estate Management and Logistics, the FOBL must critically review the initial order and the requests made by the mandating authority, and then ensure that the standards in force are complied with. There are several indications that this was not systematically the case for this project. The three elements governed by standards (square metres per workstation, floor area/usable area ratio and size of individual offices) are not applied and are not monitored by the FOBL. The target values are not achieved and the space is not used efficiently.

As the project continues, the FDFA and the FOBL must decide, on the basis of a cost-benefit analysis, whether the project should be adapted to meet actual needs and the criteria of economy and efficiency, in accordance with Article 9 and Article 17 of the Ordinance on the Management of Federal Real Estate and Logistics.

Cost estimates have increased from CHF 25 million to CHF 48 million

FOBL has cost estimates for each phase of the project. These have risen from around CHF 25 million at the time of the tender to just over CHF 48 million for the final project.

According to the FOBL, the main factors behind this near doubling of costs are the adaptation of the project to Chinese technical standards (addition of surface area and technical measures), inflation, taxes and project modifications.

However, these do not account for all the extra costs. The documenting of cost trends needs to be improved. In particular, inflation must be systematically taken into account and presented in a transparent manner.

Good cooperation between the offices, but some standards need to be adapted

Cooperation between the FDFA and the FOBL has been working well. On the FDFA side, it would have been advisable to involve all the key stakeholders more closely from the start of the project in order to benefit from their expertise and avoid certain costs. These include, for example, specialists responsible for operating the current building in Beijing and the FDFA's head of information security.

In order to ensure the efficiency of construction projects abroad in the future, the SFAO recommends that the FOBL define relevant indicators, monitor them during the course of the project and use them as a steering tool.

The SFAO also identified potential for improvement with regard to reserve workstations that have been ordered and their integration into the project, either via extension stages or partial commissioning in order to optimise the cost/benefit ratio. In the future, it will be essential to document the study of strategic variants (alternative site, rental).

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