

STANDING COMMITTEE ON PROGRAMMES AND FINANCE

Twenty-fourth Session

PLANS FOR THE IOM HEADQUARTERS BUILDING:

UPDATE 1

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Background

1. At its 109th Session, the Council adopted Resolution No. 1373 of 27 November 2018 on a plan for the Headquarters building, which requested the Director General: (a) to prepare and submit a mortgage application to finance the construction of a new IOM Headquarters building at a preliminary estimated amount of CHF 68.1 million for consideration by the Government of Switzerland; (b) in consultation with the relevant authorities of the host State, to develop a construction project detailing the requirements and the total costs; and (c) to submit the total project cost to the Council for approval when finalized.

2. This document provides an update on action taken by the Administration since Resolution No. 1373 was adopted.

Internal governance structure

3. As envisaged within the governance structure outlined in document C/109/10, the Director General – as project owner – has established the Headquarters Building Steering Committee, which is chaired by the Deputy Director General. Members of the Steering Committee include key senior managers and the Chairperson of the Global Staff Association Committee. The Committee is the first oversight level for project planning and review; it will ensure appropriate coordination with the project management team and reporting to Member States on the progress of the project.

4. Functional experts within IOM, namely the heads of relevant divisions, such as Accounting, Budget, Information and Communications Technology, and Procurement and Supply, and the Office of Legal Affairs, among others, will be actively engaged in the project and will provide ongoing support to the project management team and the Steering Committee.

Coordination with the Swiss authorities

5. The host Government has asked IOM to contact the Building Foundation for International Organizations (FIPOI) for support to prepare the loan request. FIPOI is an instrument of the host State, which assists international organizations with technical and operational matters relating to their building projects and is the entity in charge of administering Swiss loans on behalf of federal and cantonal authorities. FIPOI will work closely with IOM to ensure the loan application conforms with all host State requirements. There will be a formal channel for coordination with IOM, which requires the establishment of two groups: a coordination group and an operational group.

(a) **Coordination group.** This is a high-level group through which representatives of the host State and IOM will discuss political, financial and legal questions pertaining to the project. Participants will include representatives of the Federal Department of Foreign Affairs, the canton of Geneva, and the Head of the Real Estate Development Department of FIPOI. Through this group, the host State will work with IOM on the project and provide advice related to the Swiss political, financial and legal framework. Relevant experts and stakeholders might also be invited to contribute to discussions on a case-by-case basis to ensure appropriate coordination to facilitate the processing of documents requiring formal authorization and decision.

- (b) **Operational group.** This group, which will report to the coordination group, will comprise the Project Director, who will decide on the attendees depending on the topic to be discussed, and representatives from FIPOI and the host State. The group will discuss operational and technical questions and refer issues to the coordination group for their information and decision when needed.

Consultations with the United Nations and other agencies

6. As encouraged by Member States, the Administration has met with officials from the United Nations Office at Geneva and four other organizations that are currently undertaking similar construction projects to benefit from their experience and lessons learned. These meetings have established a good network within the community of organizations currently undertaking construction/renovation projects and has created many relationships to draw upon in future. They have also offered valuable insights on strategy, oversight and technical set-up for the implementation such projects, which range in size and complexity. While the approaches adopted by the other organizations have differed in some respects, there are some common guiding principles that have underpinned all the projects. The Administration commits to be guided by the following lessons learned:

- (a) Take enough time to study and plan properly, as it takes much longer than imagined and the consequences of not doing so can be very challenging.
- (b) Be clear about expectations and target outcomes before starting the design. For example: number of desk spaces, environmental performance ambition level, number and size of meeting rooms, storage needs, accessibility concerns, security requirements, and office format (i.e. open plan or cellular or flexible).
- (c) Employ a construction cost and risk specialist to manage the interface between IOM, the design team and the general contractor. This specialist must have experience in managing large projects in Switzerland.
- (d) Employ high-quality professional architects, engineers and project managers. Be clear with them about the Organization's expectations and structure the relevant contracts and deliverables accordingly.
- (e) Insist that the specifications, contracts and tender documents are produced in the French language, even if the Organization selects foreign architects and general contractors. For practical purposes, the subcontractors actually doing the bulk of the work will inevitably be local and thus need to understand the technical documents.
- (f) Freeze the design at general contractor tender stage and do not permit any design changes thereafter. Insist that IOM specifies all the building details and does not rely on the general contractor or subcontractors, as this will lead to time and cost overrun.
- (g) Use a general contractor with a guaranteed maximum cost and an open book accounting contract. Share savings on the guaranteed maximum cost with the contractor to encourage cost control.
- (h) Ensure that the architects consider and plan for maintenance and cleaning when they design the building and develop the specifications, as this is typically not the case.
- (i) Form a good working relationship with host State authorities and FIPOI. This is essential to facilitate the loan request and ease planning and permit issues.

- (j) Consult with host State authorities and FIPOI to organize an architectural design competition.
- (k) Consult with the United Nations Department of Safety and Security at an early stage and build in security requirements from the beginning.
- (l) Ensure regular communication with staff throughout the project period.

Building the project team

7. IOM needs to start compiling the necessary documents to support the loan request and to start initial planning for the project. The Administration has therefore initiated steps to immediately engage a consultant to commence this process and to start drafting tender documents for the international architectural design competition. This temporary assignment is envisaged to last approximately six months while the recruitment of the Project Director is finalized. This is critical to avoid losing time, as any delays would have a significant impact on project timelines.

8. The recruitment process for the Project Director, who will oversee the project from start to finish, is underway. The Project Director will be responsible for preparing the documents for the calls for expressions of interest; preparing the analysis of the general and operational needs of the Organization; and developing a detailed temporary relocation solution and business continuity plan. The Project Director will also be responsible for the day-to-day management of the project and for the development of the resource requirement plans for each phase of the project, including funding and staffing needs.

9. The Administration has included the costs of the consultant and the Project Director in its request for a drawdown from the Operational Support Income reserve mechanism in the Revision of the Programme and Budget for 2019, for consideration by Member States.

Application for a project study loan

10. The first step in the loan application process is to submit a request for a project study loan, which will cover the costs of the feasibility study and of the preparation of the project details and final cost estimate. The project study loan normally ranges between 8 per cent and 12 per cent of the total cost of the project and the Director General has decided to request a loan of USD 6.8 million, which represents 10 per cent of the estimated project cost of USD 68.1 million.

11. The project study loan will be used to undertake the detailed assessments required to establish and confirm the actual cost of the project, which will then be submitted to the Council for final decision and subsequently to the Swiss authorities.

Monitoring and control

12. The External Auditor has been officially informed of the project and the Administration has requested that the project be included in their future audit planning, from the conceptualization stage through to the completion of the project. The Administration has also briefed the external audit team on the project and progress to date.