

STANDING COMMITTEE ON PROGRAMMES AND FINANCE

Twenty-seventh Session

PLANS FOR THE IOM HEADQUARTERS BUILDING:

UPDATE 4

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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 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. The Administration is committed to providing regular information to Member States and this document provides the fourth update since Resolution No. 1373 was adopted, covering the period from June 2020 to September 2020. Previous updates – covering the period from November 2019 to May 2020 – were provided in documents S/24/8, S/25/11 and S/26/8.

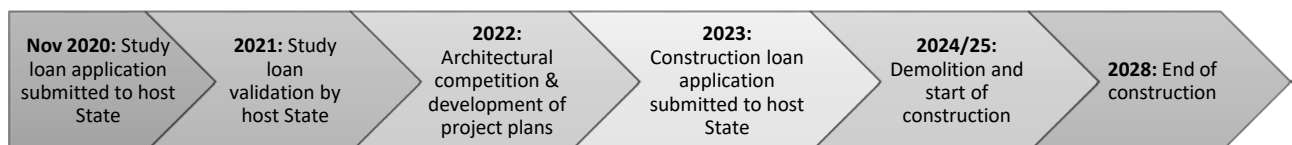
Project developments

3. The project consultant (assistant maître d'ouvrage (AMO)) supporting the Administration in the preparation of the study loan application has completed the tasks outlined below with the assistance of specialized firms.
 - (a) Undertaken a thorough analysis of needs in consultation with staff to define the requirements for the project. This analysis was carried out from the end of 2019 to March 2020 and subsequently compared with information from May to August 2020 as staff returned to working on site following the lockdown caused by the coronavirus 2019 (COVID-19) pandemic. The needs analysis included an on-site observation of staff work patterns and the occupancy rate of the premises, a general survey and interviews, which showed a need for more meeting places, social spaces and a flexible building layout allowing for more collaboration both between staff members and between the different divisions. The present available floor space does not lean itself to such arrangements and, combined with the overcrowded situation of the premises, has a negative impact on the workplace image and creates general dissatisfaction.
 - (b) Developed an occupancy model based on the findings of the on-site observation, the results of the survey and the outcomes of workshops with staff representatives and senior management. The consultations with staff and management clearly advocated a “green building”. A combination of activity-based shared spaces – allowing for flexibility and collaborative work – and a few independent offices for tasks requiring confidentiality was endorsed as the workplace scenario that would meet the needs identified and respond to the lessons learned from the development of new working arrangements as a result of the COVID 19 pandemic.
 - (c) Defined needs for 600 staff collaborating in a workplace scenario which would provide the social and flexible arrangements referred to above. To allow for the Organization to hold formal meetings with its Member States, a conference facility with independent access for 300 persons is included in the plans.
 - (d) The Administration has defined the preferred tender process for the efficient, qualitative and rapid selection of service providers through the Société des Ingénieurs et Architectes Suisses SIA 142 architectural competition. This process is preferable as the other available options

could lead to longer administrative procedures for the delivery of a building permit. The SIA 142 architectural competition – which is also recommended by host State counterparts – is a process recognized as an urban planning tool, which will facilitate and fast-track the building authorization process and ensure that the procurement process is carried out at reasonable cost and with sufficient quality control.

- (e) Undertaken a risk assessment and established a framework for risk mitigation. To ensure that the budget presented during the loan application process to the host State does not vary during project implementation, a thorough assessment of risks has been performed. All scenarios have been examined and the cost of risks identified and incorporated in the updated construction budget. Specialized firms in the areas of building pollutants, demolition, structural engineering and groundwork reinforcement have been consulted and have carried out tests and investigations within the existing building and the neighbouring site. The available land for construction to accommodate 600 persons has been assessed, taking into account identified limitations.
- (f) Developed a project schedule including timelines for the various stages to guide the process, as shown below. Objectives for milestones have been set and ongoing assessment of these will be required during the project development phase to take into account external factors, such as the administrative processes of the host State. The aim is to complete the project by 2028 at the latest. To achieve this goal, the study loan application must be presented to the host State by November 2020 – subject to addressing the issue of the preservation of trees – for approval by February 2022. Once approval is received, the Organization can launch the architectural competition. The application for the construction loan must then be submitted to the host State by early 2023. The construction loan and building permit would need to be granted by the host State in 2024 to enable demolition and reconstruction to commence in 2025.

Headquarters building project timeline



- (g) Following the clear definition of the requirements and an in-depth analysis of construction processes, the cost of the project has been established at CHF 72.0 million, taking into account risk mitigation requirements and a revision of parts of the broad initial estimated costs. This represents an increase of approximately 5.7 per cent compared with the initial estimated budget of CHF 68.1 million.

Issues identified

4. In terms of regulatory requirements and local constructions laws, the Administration has consulted with the local Swiss authorities regarding the limitations placed on the available land for construction due to tree preservation regulations, existing and planned wider public roads and walkways, and height restrictions for air traffic. Further studies to explore options to address these issues have been undertaken, together with the development of test office configuration models which have shown that, under the present limitations, some technical constraints related to the site still have to be addressed in order to accommodate the Organization's space needs for 600 staff members. The Administration is discussing this issue with the relevant authorities of the host State. The possibility of synergies between the IOM project and the adjoining Centre Administratif des Morillons (CAM) project being developed by the Building Foundation for International Organizations (FIPOI) will be explored.

5. The United Nations Department of Safety and Security (UNDSS) has been consulted on pre-requisites for perimeter and building security. Concerns were expressed on the limited distance of the building from public space; however this issue can be mitigated through using strengthened construction materials for the facades of the building. These needs have been costed and integrated into the revised budget.

6. The condition of the site has also been assessed and tests performed for pollutants. Some asbestos with no health concern for the staff at present has been identified; this will need to be addressed before demolition. Pollutants in the ground around the building are expected as well and piles will have to be drilled under the new building to ensure its stability. The cost related to these issues has been included in the revised construction budget.

Coordination with the Swiss authorities

7. The Administration has been consulting with relevant host government officials for guidance on the loan process in order to finalize the application and submit it by end of November 2020, with the expectation that the outstanding issue related to the trees around the site will have been addressed. FIPOI is supporting the Administration on technical matters related to the project.

8. The Operational Group – comprising of representatives of the Canton of Geneva, FIPOI and IOM – discusses operational and technical issues and met on 15 June and 7 September 2020. There have been regular exchanges between IOM and FIPOI to clarify the site limitation issues, discuss the impact of other projects under development in the vicinity of IOM and to prepare for the meeting of the Coordination Committee, which was held on 21 September 2020.

9. The Coordination Committee, which is composed of representatives of the host Government (Federal Department of Foreign Affairs), the Canton of Geneva, FIPOI and IOM, met for the second time on 21 September 2020. During the meeting, the Administration provided an update on the status of the project and highlighted concerns relating to the preservation of trees, the conditions of the future land lease agreement and the loan application process. Answers are currently being coordinated within the host State administration. The representatives of the host State reiterated their strong commitment to accommodating the Organization's needs and helping to solve the issues in the best possible way for all parties.

10. Following IOM's invitation to participate in the CAM site feasibility study, the Organization had the opportunity to outline its needs, schedule and financial requirements. Interesting opportunities for synergies emerged from workshops organized by FIPOI in July, August and October 2020 that would allow greater flexibility in the planning of the Organization's future Headquarters building. This collaboration could help to mitigate some of the identified risks, including the site limitations mentioned above, should IOM and FIPOI find common areas of partnership.

Revised construction budget

11. Following the precise definition of the needs and project schedule by the Organization and the risk assessment performed during 2020, the cost estimate presented in 2018 has been revised upwards (see Annex I). The reasons for the changes are outlined below.

- (a) **Construction costs:** The need for preliminary works, such as depollution, demolition and foundation reinforcement, has been thoroughly assessed and the risk mitigation costs integrated into the construction costs. In line with UNDSS recommendations, the facades of the building will need to be reinforced and a perimeter fence provided, thereby increasing the budget for the project. The costs relating to ensuring the energy efficiency of the building complies with local requirements have also been updated to incorporate the provision of

energy-saving equipment, compliance with building norms, the integration of renewable energy production, and commodity taxes for environmentally friendly power sources. The expected quality of the workspace environment must be addressed, particularly in terms of thermal and acoustic comfort, and the related costs are included in the revised budget.

- (b) **Construction management fee:** This budget line, which is a function of the total project cost, has been adapted in the light of the revised construction costs.
- (c) **Contingency:** This budget line has been adapted in response to the revised construction costs. However, following the risk assessment process, which identified and mitigated a number of issues, the percentage of the construction costs used to calculate the budget line has been revised downwards.
- (d) **Audit and risk assessment:** This budget line, which is a function of the total project cost, has been adapted in the light of the revised construction costs.
- (e) **Conference facility equipment/furniture:** In line with host State requirements, the cost of mobile equipment and furniture is excluded from the construction budget and only the cost of immovable items is included. This has resulted in a decrease in this budget line. A new budget line has been added to the “Cost to IOM” section of the budget to accommodate this practice.
- (f) **Cafeteria equipment/furniture:** The planned social and support spaces require the establishment of informal meeting places throughout the building, which requires an increase to this budget line.
- (g) **Amortization of the new loan:** The cost of repaying the interest-free loan granted by the host State for the new building over a period of 50 years has been adapted to the new construction budget. The yearly mortgage repayment for a loan of CHF 72 million would be CHF 1.44 million. It is worth noting that should the actual cost be lower than the maximum mortgage value, repayment would be based only on the lower final construction cost.

Request for approval

12. Following a thorough study by a team of experts to establish the total project cost at CHF 72 million, the Administration has all the elements required to submit the study loan application. The mortgage application should demonstrate some financial commitment by the Organization. This commitment will take the form of financing relocation costs using existing budget lines and, if needed, funds from the Operational Support Income reserve. The Administration would also ensure cost-efficiencies throughout the process.

13. The Council is requested to authorize the Director General to submit a mortgage application to the Government of Switzerland through the Permanent Mission of Switzerland to the United Nations and other international organizations in Geneva in the total amount of CHF 72 million. The application will be processed in two phases: (a) an application for a study loan of CHF 5.7 million, which is less than 10 percent of total project cost; and (b) an application for a construction loan for the remaining CHF 66.3 million, which would be submitted after completion of the project development phase.

14. The additional CHF 3.9 million in project costs will be accommodated within the approved project budget and Member States’ assessed contributions will not be increased to cover those costs.

15. The Standing Committee on Programmes and Finance is requested to consider the draft Council resolution presented in Annex II and to recommend its adoption by the Council. The process outlined in paragraph 3 above follows established timelines; as such, should the opportunity to submit the application in 2020 be missed, the whole process would be delayed by one year.

Annex I

Revised cost estimates for the chosen building option

		Option 5*	
		Presented 2018	Revised 2020
Project and building characteristics	Description of planned activities	Demolition of existing building and construction of new building	Demolition of existing building and construction of new building
	Expected construction/renovation period	36 months	36 months
	Estimated cost saving on maintenance, running and other costs (cost as percentage of the baseline)	30%	30%
One-time investment (funded by loan)	Construction cost	41 660 000	47 420 000
	Construction management fee	6 249 000	7 000 000
	Contingency: 17% of total construction and construction management costs (original option 5: 25%)	11 977 000	10 700 000
	Audit and risk assessment	4 166 000	4 350 000
	Conference facility equipment/furniture (immovable)	2 500 000	880 000
	Cafeteria equipment/furniture	1 550 000	1 650 000
	Subtotal: construction/renovation costs (to be capitalized)	68 102 000	72 000 000
Cost to IOM (year 1 to year 3)	Project management costs	1 500 000	1 500 000
	Conference facility furniture, fittings and equipment		1 620 000
	Rental of temporary premises during the project period	4 860 000	4 860 000
	ICT and business continuity costs	1 500 000	1 500 000
	Moving costs	1 000 000	1 000 000
	Subtotal: project management and temporary office costs (to be expensed)	8 860 000	10 480 000
	TOTAL COST YEAR 1–YEAR 3	8 860 000	10 480 000
Annual cost to IOM from year 4	Amortization of the new loan (over 50 years)	1 362 000	1 440 000
	Conference venue rental cost	25 000	25 000
	Maintenance and running costs (estimated for 600 staff)	919 000	919 000
	TOTAL RECURRING COSTS AFTER THE PROJECT PERIOD	2 306 000	2 384 000

Repayment of the existing loan	The existing loan will need to be repaid to enable the signing of a new loan.	5 160 427	3 686 000

* Option 5 was the proposal approved out of the options presented in C/109/10.

Annex II

DRAFT RESOLUTION ON**THE NEW HEADQUARTERS BUILDING**

(Submitted by the Secretariat to the Council for consideration
under item X of the provisional agenda (C/111/1))

The Council,

Recalling that the Standing Committee on Programmes and Finance, at its Twenty-second Session, examined document S/22/11 of 12 June 2018, entitled Proposed plans for the IOM Headquarters building, and recognized the office space problem at IOM Headquarters,

Noting that the Standing Committee, after having also examined document S/23/8 of 4 October 2018, providing an update on the proposed plans put forward by the Administration, considered that the proposal to demolish the existing building and construct a new one on the same site was the most appropriate option,

Mindful of the financial implications and the clarification provided by the Administration that the interest-free mortgage payments will be covered through savings made by not having to rent additional office space and conference facilities and through future cost-efficiencies,

Bearing in mind the efficiencies to be achieved through new construction technologies, particularly relating to energy conservation and ensuring a sustainable and environmentally friendly working space, and the importance of addressing the issue of accessibility,

Reaffirming the Member States' commitment to support the Administration in providing an appropriate work environment and suitable facilities for IOM staff working at Headquarters,

Recognizing the various steps that must be undertaken and mindful of the time required for the submission and review of a mortgage application,

Taking note of the Administration's explanation that the project costs will be accommodated within approved budget and that Member States' assessed contributions will not be increased to cover those costs,

Conscious of the need to establish the appropriate governance and management structures, including using the existing Working Group on Budget Reform for Member State oversight, and the need for regular reporting to each session of the Standing Committee on Programmes and Finance and the Council,

Noting the updates presented to the Standing Committee on Programmes and Finance at its Twenty-fourth, Twenty-fifth and Twenty-sixth Sessions regarding progress on the project,

Expressing appreciation for the regulatory guidance and technical advice provided by the host Government,

Recalling that Resolution No. 1373 of 27 November 2018, adopted by the Council at its 109th Session, requested the Director General to prepare and submit a mortgage application in the preliminary estimated amount of 68.1 million Swiss francs for consideration by the Government of Switzerland and to consult with the relevant authorities of the host State to develop a construction project detailing the requirements,

Recalling also that Resolution No. 1373 requested the Director General to submit to the Council, for its approval, the final amount of the mortgage application and all the other associated costs once the detailed development of the construction project had been completed,

Taking note of the thorough analysis undertaken by the Administration, in consultation with staff, to define the requirements for the project,

Mindful of the consultations with relevant host government authorities on a number of regulatory and technical issues,

Considering the comparative analysis undertaken of possible approaches and procedures to guide the tender process and the selection of the architectural competition option that allows for the efficient, qualitative and rapid selection of a service provider and subsequent project development,

Recognizing the analysis undertaken on the risk factors associated with the project,

1. *Approves* the final budget level of 72.0 million Swiss francs, as set out in document S/27/13, entitled Plans for the IOM Headquarters building: update 4;

2. *Authorizes* the Director General to prepare and submit a study loan application in the amount of 5.7 million Swiss francs – which forms part of the total project budget – for consideration by the host Government.
