

**STANDING COMMITTEE ON PROGRAMMES AND FINANCE**

**Thirty-third Session**

**PLANS FOR THE IOM HEADQUARTERS BUILDING:**

**UPDATE 9**



## **PLANS FOR THE IOM HEADQUARTERS BUILDING: UPDATE 9**

### **Background**

1. At its 109th Session, the Council adopted Resolution No. 1373 of 27 November 2018 on a plan for the Headquarters building. Following the development of the project, at its 111th Session, the Council adopted Resolution No. 1391 of 24 November 2020 on the new Headquarters building, which approved the final budget level of CHF 72.0 million and authorized the Director General to prepare and submit a study loan application in the amount of CHF 5.7 million – which forms part of the total project budget – for consideration by the host Government.
2. The Administration is committed to providing regular information to Member States. This document provides information on the progress of the project since the last update provided in June 2023 (S/32/4).

### **Study loan from host State and financial reporting**

3. Since the contract for the study loan of CHF 5.7 million was signed by the Director General and the Building Foundation for International Organizations (FIPOI) on 7 March 2022, the Administration has submitted quarterly reports to FIPOI as requested by the terms of the contract.
4. For the term of the project development phases from November 2022 to December 2025, the study loan will cover the fees for the architect, engineers, risk management specialist and client adviser, as well as some limited consultation fees.

### **Project activities completed to date**

5. The architectural practice G8A, based in Viet Nam, and their local partner, Localarchitecture, based in Lausanne, working together as the general planning and design consortium Junon, have delivered the preliminary project on time within the established budget. Since then, there has been regular interaction with Junon on the further development of the project. IOM has also undertaken the project assessment in coordination with all stakeholders, including end users and the risk management consultant Drees & Sommer.
6. The proposed construction cost has been audited by an independent specialist. In addition, Direct Access, a specialist consultant in universal design and accessibility based in the United Kingdom, has extensively reviewed the project and confirmed that the design meets the highest standards of accessibility.
7. The Administration is preparing the documentation required by the host State to officially request a construction loan to the amount of CHF 66.3 million.
8. The project manual has been finalized and validated by stakeholders and the Administration. This document establishes the common goals and structure of the project, and the role, function and responsibility of each participant to ensure its success and mitigate risks.

### **Risk register**

9. A comprehensive risk register has been developed and is regularly updated by Drees & Sommer to assess the project and identify the potential impact of future project activities. The project

committee regularly undertakes an in-depth analysis of the risk register and reports its findings to the Steering Committee. The IOM Risk Management Unit also provides oversight on the risk register. The most significant risks from the register are described below.

10. The risk register is divided into two sections: risks pertaining to the complexity of the project and its financial costs, and risks pertaining to the lengthy duration of the project and the potential financial impact of an increase in construction costs and/or unpredictable destabilizing events.

***Risks pertaining to the complexity of the project***

11. The Headquarters building project will take place on a restricted site adjacent to the sites of several third-party projects, notably the ongoing works on Route des Morillons and Route des Nations. In addition, the basement in which IOM's heating system and underground car park are located is shared with two neighbouring buildings owned by FIPOI and UNESCO. The potential financial impact of these constraints on the planned construction budget totals CHF 1.9 million; this figure has been included in the risk register.

12. The site restrictions limit the options for blast-resistant facades and public entry points. The associated risks have been assessed in coordination with the United Nations Department of Safety and Security (UNDSS) and the Office of Staff Security, and will be mitigated through the use of security equipment and stand-off measures. The exact measures to be covered by the host State are still being studied, and their precise cost is therefore unconfirmed at this stage. However, since the host State has a responsibility to secure the public domain, as enshrined in international public law, the risks to IOM will depend on the definition of the exact measures to be taken and their convergence with UNDSS standards. The maximum amounts to be covered by IOM should the host State not cover the security measures requested by the Organization are estimated at CHF 500,000 for the anti-ram devices and CHF 255,000 for blast protection measures for the facade. It is nevertheless highly unlikely that IOM will have to cover the cost of the safety measures within the public domain.

13. The IOM building shares common basement levels with two neighbouring buildings (Centre Administratif des Morillons (CAM) 13 and CAM 15, belonging to FIPOI and UNESCO); all shared technical rooms are located in IOM's basement, which is due to be demolished. Major adaptations will therefore be necessary before construction work begins on the new Headquarters building. IOM's contribution to the reconstruction of the electrical and water plant rooms, heating systems and data entry room is being discussed with FIPOI and UNESCO. This risk is assessed at CHF 300,000, with a high probability of occurrence, especially given that the new services must be commissioned by December 2025 to allow the timely demolition of IOM's current premises. The electrical transformer may need to be updated by Services Industriels de Genève (SIG) to ensure continuous service for the three CAM buildings, at a cost of CHF 80,000 to IOM. These risks have been integrated into the register pending completion of the technical discussions with SIG.

14. IOM and its neighbours, FIPOI and UNESCO, also share common landscaping and hardscaping. As part of these areas will need to be transformed and refurbished during the Headquarters building project, discussions are being held with FIPOI and UNESCO to agree on how the construction and maintenance costs will be shared. If these negotiations are unsuccessful, the full cost of the new landscaping and hardscaping would fall to IOM, for a total of CHF 250,000.

***Risks pertaining to the duration of the project and inflation***

15. The construction of the Headquarters building is scheduled to take place from 2026 to 2028. The validated budget for the project was established in 2020 at the level of CHF 72 million. The proposed budget based on the preliminary project as developed by Junon and construction costs in

2023 has been confirmed at CHF 71.8 million. This includes a provision for a cost increase of CHF 3.6 million, which could cover an annual inflation rate of around 1.5 per cent until 2028, but not unusually high inflation rates similar to those observed in 2021 and 2022. Based on the risk assessment, an additional provision of CHF 2.9 million has therefore been allocated to cover exceptional inflation rates similar to those recorded in Switzerland in recent years.

16. At the current development stage, namely based on the preliminary project delivered by Junon, the risk assessment adds a provision of CHF 2.5 million for any further modifications that might be required due to changes in construction regulations or standards until construction is completed in 2028.

### **Project schedule**

17. Junon, in coordination with Drees & Sommer, is responsible for monitoring, reviewing and updating the design and construction schedule.

18. The project schedule anticipates that the revised risk register will be validated by stakeholders and the Administration by the end of October 2023. After that, a revised list of anticipated project costs to be covered by IOM from 2025 to 2029 (including relocation from the premises, furniture and equipment, among others) and a list of recurring maintenance costs after completion of the project will be presented to Member States at the Thirty-third Session of the Standing Committee on Programmes and Finance (see Annex). The final revised project draft will then be delivered by Junon for the formal submission of the construction loan request to the host State by the end of 2023.

19. Provided that the construction loan request is submitted on time, and that Parliament votes in favour, the host State should provide the funds necessary for the construction phase by January 2026. In the meantime, a building permit will be requested, the necessary construction procurement documentation prepared, and relocation and business continuity plans developed.

20. Relocation from the premises should take place by the end of 2025, for a period of three years – the time expected for the demolition and reconstruction process. The end of construction is planned for the end of 2028, with the occupancy of the new premises expected by early 2029.

### **Coordination with the Swiss authorities**

21. There continue to be regular exchanges between IOM, the Permanent Mission of Switzerland to the United Nations Office and to the other international organizations in Geneva, the Canton of Geneva and FIPOI related to IOM's study loan and the land lease agreement.

22. Focal points have been established with the host State to ensure seamless coordination and efficient preparation of the documentation for the construction loan request.

23. Continuous coordination is undertaken with communal and cantonal authorities to mitigate the risks associated with the management of multiple adjacent projects and their financial impact.

### **Revised cost estimates**

24. Following the validation of the needs and project schedule by the Organization, and the risk assessment updated in 2023 based on the preliminary project delivered by Junon, the one-time investment budget remains largely similar to the estimate of CHF 72 million presented in Annex I of document S/27/13/Rev.1 in 2020 (to be funded by the loan from the host State). However, some risks listed in the risk register, which are linked to the early development stage of the project, still need to

be mitigated and reduced. The cost to IOM for project expenditure not covered by the loan has also been revised upwards (see Annex). An overview of the changes to individual budget lines is provided below.

- (a) **Construction cost:** In contrast to the previous estimates, the preliminary project delivered by Junon incorporates the costs related to the conference space into the construction cost. The revised budget for construction is therefore based on a project comprising 2 underground levels and 11 levels above ground, and covers all requirements from stakeholders, including UNDSS.
- (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 cost.
- (c) **Contingency:** Following the risk assessment process, which identified and mitigated a number of issues, this budget line has been revised downwards and a separate financial risk register established.
- (d) **Audit and risk assessment:** This budget line has been adapted in the light of the revised risk register and the needs of the Administration at the present project development stage.
- (e) **Conference facility equipment (immovable):** 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. Since the conference centre is planned to be a versatile facility with mostly mobile furniture, this has resulted in a decrease in this budget line, while the relevant line under the “Cost to IOM” section of the budget has been updated accordingly.
- (f) **Cafeteria equipment (immovable):** The budget for social and support spaces has been updated in line with the requirements of the preliminary project delivered by Junon.
- (g) **Conference facility furniture, fittings and equipment:** The cost of furniture, fittings and equipment for the conference centre has been updated based on the preliminary project delivered by Junon, and the lessons learned and consultation exercise with WHO, which runs a similar facility.
- (h) **Office and collaborative space furniture, fittings and equipment:** This is a new budget line under the “Cost to IOM” section of the budget. As the workspace scenario for the new Headquarters building has evolved to incorporate shared, activity-based collaborative workspaces – with the aim of increasing efficiency and collaboration, and adapting to post-COVID 19 working practices – different types of office furniture will be required. A set of furniture, fittings and equipment has been tested in the newly rented premises at CAM 13 with great success, and will be reused in the new Headquarters building.
- (i) **Car park refurbishment and optimization of parking management:** IOM shares ownership of the existing underground car park with FIPOI. The total capacity of the car park is 234 parking spaces, 124 of which are owned by IOM. Changes in parking bay standards and the legal requirements of the host State mean that the number of parking spaces will be reduced and the building will need to be used more efficiently. Optimizing use of the car park will require new parking management equipment, which will be repaid over time by parking fees. The shared costs of the long-overdue refurbishment of the car park building are also included in the budget line.

- (j) **ICT and business continuity costs:** The cost of ICT equipment at the temporary premises during the move and in the new building has been re-evaluated based on the preliminary project delivered by Junon and according to current technology requirements.

#### **Contribution of Member States**

25. Following confirmation of the proposed budget at CHF 71.8 million, the Administration has all the elements required to submit the construction loan application for an amount of CHF 66.3 million. The mortgage application should demonstrate some financial commitment by the Organization. This commitment will take the form of financing the costs listed in the Annex under “Cost to IOM”, using existing budget lines and, if needed, funds from the Operational Support Income (OSI) reserve. The Administration would also ensure cost-efficiencies throughout the process.

26. Part of the additional CHF 23.6 million in project costs to be funded by IOM from 2022 to 2029 has already been covered through other sources of funding, predominantly additional OSI in the amount of CHF 1.9 million.





## Annex

## Revised cost estimates

|                                      |  | S/27/13/Rev.1  | S/33/6  |
|--------------------------------------|--|--|---|
|                                      |  | Revised 2020   | Revised 2023  |
| Project and building characteristics | Description of planned activities  | Demolition of existing building and construction of new building | Project development, demolition of existing building and construction of new building |
|                                      | Expected project development, construction/renovation period                                       | 36 months  | 66 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  | 47 420 000   | 52 512 000  |
|                                      | Construction management fee  | 7 000 000  | 9 500 000   |
|                                      | Contingency: 10% of total construction and construction management costs (previously 15%)          | 10 700 000   | 7 200 000   |
|                                      | Audit and risk assessment  | 4 350 000  | 850 000   |
|                                      | Conference facility equipment (immovable)  | 880 000  | 162 000   |
|                                      | Cafeteria equipment (immovable)  | 1 650 000  | 1 586 000   |
|                                      | <b>Subtotal: construction/renovation costs (to be capitalized)</b>                                 | <b>72 000 000</b>  | <b>71 810 000</b>   |
|                                      |  |  |   |
| Cost to IOM (2022 to 2029)*          | Project management costs   | 1 500 000  | 1 500 000   |
|                                      | Conference facility furniture, fittings and equipment  | 1 620 000  | 770 055   |
|                                      | Office and collaborative space furniture, fittings and equipment                                   |  | 3 668 158   |
|                                      | Car park refurbishment and parking management optimization   |  | 200 000   |
|                                      | Rental of temporary premises during the project period   | 4 860 000  | 4 860 000   |
|                                      | ICT and business continuity costs  | 1 500 000  | 4 342 000   |
|                                      | Moving costs   | 1 000 000  | 1 000 000   |
|                                      | <b>Subtotal: project management and temporary office costs (to be expensed)</b>                    | <b>10 480 000</b>  | <b>16 340 213</b>   |
|                                      | Risks pertaining to the complexity of the project (CAM, physical security of premises)             |  | 1 900 000   |
|                                      | Risks pertaining to project duration (inflation)   |  | 5 400 000   |
|                                      | <b>Subtotal: risks</b>   |  | <b>7 300 000</b>  |
| <b>TOTAL COST 2022 TO 2029**</b>     |  | <b>10 480 000</b>  | <b>23 640 213</b>   |
|                                      |  |  |   |
| Annual cost to IOM from 2029         | Amortization of the new loan (over 50 years)   | 1 440 000  | 1 440 000   |
|                                      | Conference venue rental cost   | 25 000   | 25 000  |
|                                      | Maintenance and running costs (estimated for 600 staff)  | 919 000  | 1 350 000   |
|                                      | <b>TOTAL RECURRING COSTS AFTER THE PROJECT PERIOD</b>  | <b>2 384 000</b>   | <b>2 815 000</b>  |
|                                      |  |  |   |
| Repayment of the existing loan       | The existing loan will need to be repaid to enable the signing of a new loan.                      | 3 686 000  | 3 686 000   |

\* Previous estimates in update S/27/13/Rev. 1, Annex I considered cost disbursements over three years. This update considers costs to IOM for the total duration of project development and construction (seven years) and includes financial risks.

\*\* As at September 2023; CHF 1.9 million is already covered through other sources of funding.