

STANDING COMMITTEE ON PROGRAMMES AND FINANCE

Thirty-fifth Session

PLANS FOR THE IOM HEADQUARTERS BUILDING:

UPDATE 11

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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. 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 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 2024 (S/34/4).

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 assessment specialist and client adviser, as well as some limited consultation fees.

Project activities completed to date

5. The project design has been finalized and was submitted by the planning consortium, Junon, to the Administration for review in June 2024. The project has been validated by the Administration with minor considerations, as it meets with the set cost target and fulfils the needs of the Organization in terms of workspace and other specific areas.
6. A specialist consultant in universal design and accessibility, has reviewed the project to ensure the highest standards of accessibility.
7. In August 2024, the Administration officially submitted the building permit request documentation to be processed by the host State. A building permit is expected to be issued by 2025.

Risk register

8. IOM and Drees & Sommer, the risk advisory company, have regularly reviewed the risk register during the development phase of the project and provided guidance on achieving Building Research Establishment Environmental Assessment Method (BREEAM) certification. The project committee regularly undertakes an in-depth analysis of the risk register and reports its findings to the Steering Committee. The IOM Institutional Risk Division also provides oversight on the risk register.
9. Following regular meetings with representatives of the United Nations Department of Safety and Security, appropriate security and blast resistance measures for the building components have been defined. The associated building costs have been assessed by the planners and integrated in the construction budget.

10. The Administration, with the assistance of the risk advisory company, is engaging in ongoing discussions with the planners on technical and functional components of the planned building to ensure efficiency and value engineering. During the next phase, which entails preparation of the construction procurement documentation, adaptations and modifications could lead to an increase in the cost of some construction systems. The total potential cost related to this risk is CHF 4.7 million.

11. The construction of the Headquarters building is scheduled to take place from 2026 to 2028. Unforeseen variation in construction costs, for example the disruption of supply chains in various parts of the world and of production of base components, is being monitored and procurement strategies are being developed to maintain the initial budget until the start of the procurement phase, which is planned for the second quarter of 2025. Based on the risk assessment, the previous provision of CHF 5.4 million allocated to cover exceptional inflation rates is reduced to 2.9 million for the timeline of the project. It should be noted that a detailed costing has been assessed based on market review as of May 2024.

12. The administration of the Canton of Geneva was consulted on rules and regulations applicable to the construction and relevant considerations have been integrated into the plans. Nevertheless, some modifications to the project could be requested by the host State as regulations and norms could change during the building permit request procedure. An amount of CHF 2 million has been anticipated in the risk register for such an eventuality.

13. Discussions with FIPOI and UNESCO are nearing completion regarding the necessary common works for the construction of the new IOM Headquarters building. Arrangements are also being made to address potential disturbances and disruptions caused by IOM's building project to daily operations in the premises surrounding the building site.

14. This brings the total anticipated risk value of the potential events included in the risk register to CHF 9.6 million at the time of preparing the current update.

Project schedule

15. The planners, Junon, in coordination with Drees & Sommer, are responsible for monitoring, reviewing and updating the design and construction schedule, which has been consistently met.

16. As the construction loan request was submitted on time, it is expected that the host State will provide the funds necessary for the construction phase by January 2026. In the meantime, a building permit should be issued by the host State, the necessary construction procurement process carried out and finalized, and relocation and business continuity plans developed.

17. Relocation to temporary offices from the current premises planned for demolition should take place by February 2026. The end of construction is planned for the end of 2028, with the occupancy of the new premises expected in the first half of 2029 after the usual period of building commissioning and tests.

Coordination with the Swiss authorities

18. 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.

19. IOM also undertakes continuous coordination with the communal and cantonal authorities to mitigate the risks associated with the management of multiple adjacent projects and their financial impact.

Updated cost estimates

20. Following the risk assessment based on the final project design delivered by Junon in June 2024, the one-time investment construction budget increased from CHF 71.8 million to CHF 72 million (to be funded by the study and construction loans from the host State).

21. The total revised cost estimate of furniture, fittings, equipment, the swing move and the costs for project management including technical consultants and to be covered by IOM from 2022 to 2029 is CHF 34.4 million (see Annex), excluding potential costs recorded in the risk register. The revised figure reflects updates initiated upon completing the detailed project plan, as outlined earlier in this document.

22. The costs for project management, including consultants for facilities management, costs to manage BREEAM certification, consultants for the move to the temporary location, relocation of the archives, and advisers on legal issues is estimated as CHF 5.3 million.

23. In line with host State requirements, the cost of mobile equipment, IT equipment and furniture and the refurbishment of the parking area is excluded from the construction budget and only the cost of immovable items is included in the host State loan. The excluded costs, to be covered by the Organization, have been reassessed and updated in line with the development of the project, a more detailed assessment of IOM's needs and the evolution of IT requirements, and now stand as CHF 9.9 million.

24. IOM staff will be relocated to temporary premises for three and a half years (January or February 2026 to June 2029) while the new Headquarters building is being built. After extensive research on available options, the decision has been taken by the Administration to move most Headquarters staff to the World Health Organization (WHO) campus. This will allow the Organization to remain within the "Jardin des Nations" area, minimize disruptions and enhance inter-agency collaboration. The rental agreement between WHO and IOM is based on United Nations premises conditions and costs. Part of IOM's staff will remain in the building rented by IOM from FIPOI at Route des Morillons 13 (CAM13) as the signed rental agreement termination is set for 2030. This will allow the Organization to retain its postal address, manage deliveries and use existing purpose-built conference facilities in CAM13. The yearly cost for the rental of the temporary premises is approximately CHF 5.2 million, including maintenance and commodities. The total updated cost for the swing move and the rental of the premises for the project duration is estimated at CHF 19.1 million between 2026 and 2029 (see Annex).

25. As detailed in paragraphs 8 to 13 of this document, the revised costs of all risks listed in the risk register amount to CHF 9.6 million, which will have to be covered by the Administration, if the risks are not prevented during the project's construction phase. The Administration will take further steps to identify the sources of covering these expenses once and if the risks are foreseen to materialize.

26. As reported previously, specifically in the documents S/27/13/Rev.1 and S/33/6, these types of expenses cannot be covered by the construction loan. The Administration therefore plans to propose that the costs not already covered by existing budget lines are to be covered by an allocation from the OSI reserve, placing the funds in a special account (see document S/35/12 for more details).

Annex
Revised cost estimates

		S/33/6	S/35/10
		Revised 2023	Revised 2023
Project and building characteristics	Description of planned activities	Project development, 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	66 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	52 512 000	56 281 000
	Construction management fee	9 500 000	10 386 600
	Contingency: 4.2% of total construction and construction management costs (previously 10%)	7 200 000	2 786 400
	Audit and risk assessment	850 000	850 000
	Conference facility equipment (immovable)	162 000	162 000
	Cafeteria equipment (immovable)	1 586 000	1 534 000
	Subtotal: construction/renovation costs (to be capitalized)	71 810 000	72'000'000
Cost to IOM (2022 to 2029)*	Project management including technical consultants*	1 500 000	5 334 600
	Conference facility furniture, fittings and equipment	770 055	750 000
	Office and collaborative space furniture, fittings and equipment	3 668 158	4 485 885
	ICT and business continuity costs	4 342 000	4 510 800
	Car park refurbishment and parking management optimization	200 000	200 000
	Rental of temporary premises during the project period	4 860 000	18 136 693
	Moving costs	1 000 000	1 000 000
	Subtotal: project management, furniture and temporary office costs (to be expensed)	16 340 213	34 417 978
	Risks pertaining to the complexity of the project (value engineering, technical systems, physical security of premises)	1 900 000	4 700 000
	Risks pertaining to modifications of regulations and norms	-	2 000 000
	Risks pertaining to project duration (inflation)	5 400 000	2 900 000
Subtotal: risks	7 300 000	9 600 000	
TOTAL COST 2022 TO 2029**	23 640 213	44 017 978	
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)	1 350 000	1 350 000
	TOTAL RECURRING COSTS AFTER THE PROJECT PERIOD	2 815 000	2 815 000
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

* This line includes IOM staff costs for project management, consultants for facilities management, costs to manage BREEAM certification, consultants for the move to the temporary location, relocation of the archives, and advisers on legal issues.

** The figure considers costs to IOM for the total duration of project development and construction (seven years and a half) and includes potential financial risks.