

Real estate: update on the Geneva buildings renovation strategy

Report by the Director-General

INTRODUCTION AND OVERVIEW OF CURRENT STATUS

1. The Sixty-eighth World Health Assembly noted an earlier version of this report,¹ which summarized the history of the project to renovate the WHO buildings in Geneva.
2. WHO headquarters in Geneva comprises 100 000 square metres of office and conference space, distributed between 10 separate buildings. The main building was the first to be constructed on the site in 1966 and is considered to be a fine example of its style and architecturally significant. Following the construction of the main building, additional buildings were constructed to provide accommodation for WHO staff, seven of which were constructed as provisional or temporary structures. The WHO/UNAIDS building was the last to be added in 2006.
3. In 2008, the Secretariat prepared a renovation project of limited scope for the main building which included extensive repairs to the building infrastructure. It became apparent during the planning phase that the limited scope of the refurbishment under consideration represented only a partial solution to the real-estate challenges facing WHO in Geneva, and would mean significant disturbance and risk to the operational capacity of WHO during the construction phase. Additionally, the limited-scope project under consideration would not resolve the problems associated with the temporary and provisional structures.
4. As a consequence, the Secretariat, in close collaboration with the Swiss federal authorities and the Canton of Geneva, considered a comprehensive plan covering all the buildings on the WHO headquarters site.
5. In May 2013, the Health Assembly considered four options to address the real-estate challenges facing WHO in Geneva, and, in noting the Secretariat's report on the options presented, favoured a scheme² comprising: the construction of a new low-energy, low-maintenance building; demolition of three existing annex buildings; refurbishment of the main building; and sale of three other annex buildings. That plan is referred to hereinafter as the Geneva buildings renovation strategy.

¹ Documents A68/49 and WHA68/2015/REC/3, summary record of the sixth meeting of Committee B, section 4.

² See document WHA66/2013/REC/3, summary record of third meeting of Committee B, section 1.

6. During the period 2014– 2015, an architectural competition was organized in cooperation with the Foundation for Buildings for International Organizations in order to select an architect for the proposed new building. The competition jury selected Berrel Berrel Kräutler AG who began work on preparing preliminary studies.

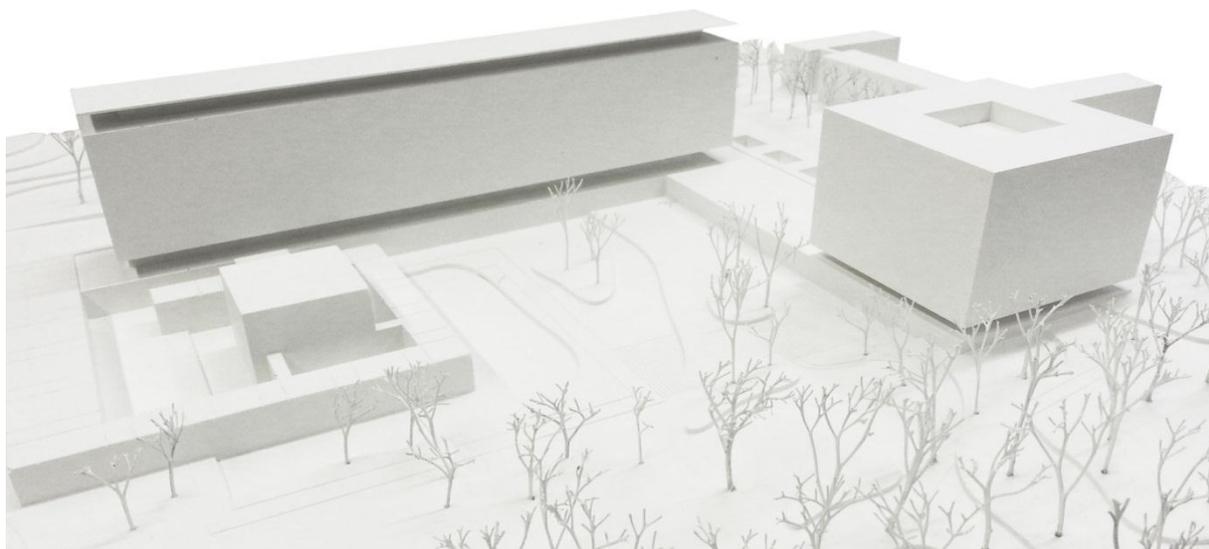
RESULTS OF THE PRELIMINARY STUDIES

Purpose

7. The purpose of the preliminary studies was to verify assumptions made earlier in the project regarding the financial and practical feasibility of delivering the project as described above. The preliminary studies do not provide cost guarantees but are estimates subject to a standard variance of +/- 15%. Subsequent phases of the project will allow the preparation of detailed specifications suitable for a tender process, and a contract sum. Significant effort has been made by all parties involved in the project to ensure that the cost estimates are as accurate as possible and reflect updated construction costs.

Construction of a new building

Figure 1. Proposed new building adjacent to the main building



8. As per Figure 1 above, the preliminary studies describe a scheme involving the construction of a new 11-storey building (plus four basement levels) to provide the following:

- 38 389 square meters of space with a capacity of 770 workstations (25% of which are open plan) with the possibility of increasing the density to 900 workstations in 100% open plan format;
- a flexible conference facility with four rooms catering for 100 people that combine into a single facility that provides space for 600 participants;

- a low-maintenance structure with heating and cooling energy supplied from a district heating and cooling system to reduce infrastructure, maintenance and operation costs and the overall environmental impact of the building;
- a heating and cooling system offering waste heat recovery, cooling and re-using that energy through a heat exchanger, and using waste heat from conference rooms and data centres to heat other parts of the building;
- functional, flexible working environments that can be adapted to evolving office space densities and needs;
- a restaurant and dining room with a seating capacity for 450 users; and
- high levels of insulation and sun shading to reduce heating and cooling needs, and meeting Swiss standards¹ for a building that performs to a high standard of comfort and environmental performance.

9. The construction work is planned to commence in 2017 and be completed in 2019. This schedule is dependent on the necessary approvals from national and local authorities and the Health Assembly.

Estimated construction costs

10. Initial estimates received from the design team indicated a construction cost for the new building of 165 000 000 Swiss francs. However, the Secretariat worked with the design team to re-examine this estimate in order to achieve greater precision and identify opportunities for savings and economies. This process focused on maintaining the quality and functional flexibility of the space and the environmental and performance standards of the building, as those aspects are considered essential for achieving the anticipated life cycle cost savings.

11. The design team reassessed the project with the support of a professional cost consultant contracted by WHO, and significant reductions have been identified through:

- reducing the area and volume of basement levels with consequential reductions in the volume of substructures and foundations;
- reducing the amount of natural stone and wood proposed;
- simplifying the façade and the heating and cooling infrastructure; and
- simplifying some of the technical and logistical systems originally proposed.

12. The simplifications and project reassessment process resulted in a revised construction cost estimate for the proposed new building of 139 951 891 Swiss francs, including fees and contingencies.

¹ SIA 380/1 Society of Swiss Architects and Engineers.

Renovation of the main building

13. The preliminary studies on the main building renovation project describe a scheme that comprises: replacement of the technical infrastructure to achieve compliance with modern standards; removal of asbestos containing materials; and enhancement of the thermal performance of the façades and roof.

14. The project involves particular challenges in respect of the modernization of the infrastructure and the attainment of modern performance standards, which must be balanced against the constraints inherent in the preservation of the architectural integrity of the main building. The refurbished building will provide:

- a capacity of 1056 workstations (21% of which are open plan) with the possibility of increasing the density to 1300 workstations in an open plan format;
- a building free from asbestos-containing materials;
- a restored façade with increased insulation and energy performance;
- energy efficient heating and cooling systems;
- a refurbished interior facilitating functional, flexible working environments that can be adapted to evolving office space densities and needs;
- a sympathetic approach to the original design of the building to preserve its architectural value and integrity as far as is practical;
- compliance with local building codes and standards as far as is practical and feasible, considering the limitations of the original structure and design.

Estimated construction costs

15. Initial estimates received from the renovation design team indicated construction costs of 118 000 000 Swiss francs. As with the proposed new building, the Secretariat requested the design team to work with an independent cost consultant to re-examine this estimate to identify opportunities for savings and to provide greater cost estimate precision. The design team reassessed the project and identified savings through measures, such as:

- retaining the structure of the façade (deemed feasible following surveys); and
- simplification of the options for energy and cooling systems using the same technology and systems proposed for the new building.

16. The simplifications and project reassessment process resulted in a revised estimate of a construction cost for the main building renovation of 109 545 000 Swiss francs, including fees and contingencies.

Estimated total construction costs of the WHO headquarters renovation strategy (preliminary study stage)

17. The estimated construction cost of the Geneva buildings renovation strategy:

Phases	Cost in Swiss francs
New building construction cost	139 951 891
Main building renovation	109 545 000
Total estimated cost	249 496 891

18. Noting the previously stated variance of 15%, the results of the preliminary studies validate the budget estimates previously provided to Member States and reaffirm the feasibility of completing the implementation of the Geneva buildings renovation strategy at a cost of 250 million Swiss francs.

19. The Secretariat will continue to work with the design teams and cost consultant to explore further opportunities to increase efficiencies and contain costs, and, in common with previous practice, would welcome offers from Member States with respect to sponsorship of public spaces (such as meeting rooms) within the new building or in the refurbished main building.

UPDATE ON THE BUSINESS CASE FOR THE GENEVA BUILDINGS RENOVATION STRATEGY

The project context – urgent repairs

20. The WHO Geneva buildings renovation strategy is viewed in the context of the repairs and building deficiencies previously observed in the WHO Geneva buildings.¹ Those deficiencies include:

- fire and life safety systems that do not meet current building codes;
- heating, ventilation and cooling systems that are beyond their design life and do not meet current building codes or local and United Nations environmental sustainability goals;
- temporary and provisional buildings that cannot be easily adapted to changing work patterns and occupation densities;
- an increasing risk of critical failure of essential building infrastructure owing to corroding pipes and other distribution systems; and
- the presence of asbestos containing materials that inhibit and complicate the renovation process and represent health and safety and business continuity risks to the Organization.

¹ See document A66/42.

Advantages of a comprehensive renovation strategy

21. The proposed Geneva buildings renovation strategy represents a comprehensive approach for the Geneva buildings consistent with best industry practice and the recommendations of the United Nations Joint Inspection Unit.¹ The approach is considered to be preferable to the previous strategy of a limited, floor-by-floor refurbishment of the main building only (excluding the eighth floor and the basement levels) because it:

- addresses the long-term maintenance and refurbishment needs of all Geneva buildings;
- reduces the total life cycle cost of refurbishment as compared with piecemeal repair of the existing buildings;
- provides an opportunity to rationalize and reduce the number of the Geneva buildings, thereby increasing the flexibility and efficiency of the site;
- facilitates alignment with local legislation requirements as a minimum standard, notably in relation to fire safety and environmental performance;
- facilitates long-term reduction in building maintenance and operating costs through the introduction of modern, low maintenance facilities;
- reduces risks to the safety of staff and visitors during the refurbishment by obviating the need for construction work in an occupied building; and
- provides an opportunity to smooth the capital investment requirements over 50 years by means of a Host State loan.

22. The Geneva buildings renovation strategy, although more extensive than the previous strategy to refurbish only the main building, offers financial advantages to the Organization because of the access it provides to Host State interest-free loans. Such favourable loans are only available to the Organization for new construction and not for renovation of existing buildings. The availability of the interest-free loan spreads the capital investment necessary to fund the construction over 50 years and obviates the need for immediate large capital investment.

23. Without the new building, and, therefore, the interest-free loan, the Organization's Real Estate Fund would not have the necessary resources to finance a renovation of the existing temporary and provisional buildings. The constructional integrity and quality of the provisional and temporary buildings do not justify the level of investment required to bring them into compliance with modern environmental and life safety standards.

24. The construction of a new annex building to replace the outdated provisional and temporary buildings provides additional space to absorb the staff currently accommodated in the main building. This also obviates the need for rented space, which would be challenging to find and finance, and permits the renovation of the main building to be conducted in an empty building rather than one occupied by the Secretariat. This in turn provides the opportunity for a faster construction programme

¹ See document JIU/REP/2014/3.

for the renovation of the main building (four years instead of 10) with consequential mitigation of cost and business interruption risk.

Long-term life cycle cost savings

25. The Geneva buildings renovation strategy reduces the number of buildings on the headquarters site from 10 (in 2012) to three and a reduction in the number of building façades from 73 to 46. These changes will themselves entail reductions in the cost of building maintenance, cleaning and repairs (collectively referred to as facility management).

26. Implementation of the strategy also enables a significant increase in the thermal efficiency of the building's roofs and façades, with a consequent reduction in utility costs.

27. The utilization of energy-efficient infrastructure, including systems that harvest and re-use waste heat, permits further operational cost savings.

28. The next stage of the planning process will involve detailed design, including material specification. During that phase the Secretariat will explore, with the design teams, facility management consultants and cost consultants, the optimum material and specification choices to reduce operational life cycle costs for the buildings.

29. The current outline design includes a proposal to utilize district heating in lieu of boilers and cooling machines installed on the site. This plan has the benefit of mitigating the Organization's exposure to future fossil fuel shortages and energy price fluctuations, and cuts the maintenance burden through a significant reduction in the quantity and complexity of heating and cooling energy production infrastructure required on the site.

30. The cost of energy from the district heating system has yet to be finalized with its provider, and the Secretariat is retaining the option of utilizing a conventional heating and cooling energy generation system if the final price of the district heating system is not consistent with the goal of reducing the life cycle costs of the building. It is noted that not using the district heating system will entail additional future maintenance and replacement costs for infrastructure and a significant increase in carbon dioxide emissions. This issue, and the impact on the life cycle costs of the buildings, will be re-examined during the course of the detailed design studies and included in future updates to this report. Table 1 below sets out cost estimates of the options under consideration.

Table 1. Breakdown of estimated facility management costs by option (Swiss francs)

	2012 costs	Estimated costs in 2025 using district heating*	Estimated costs in 2025 using conventional boilers and cooling**
Mechanical and electrical maintenance cost per year	1 605 000	690 219	852 219
Cleaning and waste management cost per year	2 532 000	938 876	938 876
Garden and estate maintenance per year	600 000	253 631	253 631
Building repairs and maintenance per year	978 010	851 061	851 061
Heating/cooling cost per year	676 500	1 977 251	316 705
Electricity cost per year	1 845 000	555 585	951 269
Water cost per year	153 000	82 586	82 526
Total cost per year	8 389 510	5 349 152	4 246 291
Total estimated life cycle cost over 40 years (Swiss francs)***	335 580 400	213 966 115	169 851 642

* Estimated cost of district heating: 0.25 Swiss francs /Kwh

** Estimated conventional heating/cooling cost assumes stable fossil fuel prices at 2015 rates

*** Figures do not include an allowance for inflation

Environmental performance upgrades

31. The proposed Geneva buildings renovation strategy includes significant environmental performance enhancements compared with the existing buildings. These enhancements permit a reduction in the amount of carbon dioxide emitted into the atmosphere by the Organization's buildings.

32. The reduction in the number of buildings also facilitates energy efficiencies through reduced and simplified distribution networks.

33. In 2012, the Geneva buildings emitted an estimated 4677 tonnes of carbon dioxide into the atmosphere. Following the completion of the proposed renovation strategy, this figure will be reduced to an estimated 782 tonnes per year if district heating and cooling is used. This constitutes a reduction of 3895 tonnes per year or 83% of the 2012 total. Table 2 below sets out the forecast environmental performance of the options under consideration.

Table 2. Forecast environmental performance by option

Estimated carbon dioxide emissions in 2012 (tonnes/year)	Estimated carbon dioxide emissions in 2025 using district heating (tonnes/year)	Estimated carbon dioxide emissions in 2025 using conventional heating/cooling (tonnes/year)
4 677	782	2 285

Increased flexibility

34. Having established that the most cost effective approach to the renovation is to replace most of the provisional annex buildings with a single building has provided an opportunity to give consideration to the organizational need for space.

35. The existing provisional and temporary buildings (L1, L2, M, C, X) were constructed using modular construction techniques for speed and to reduce construction costs. These structures reduce flexibility as the partitions between offices function as structural elements within the buildings and are complicated and expensive to remove or adapt.

36. Work styles and space requirements vary between clusters and departments according to the nature of their work. Some staff benefit more from collaborative, open-plan work space, while others require individual quiet space. A layout that can be adapted to evolving needs is therefore the optimum solution. The Secretariat also recognizes the need to improve the allocation of space, taking into account staff travel, routine leave and absence, as well as the developing opportunities offered by teleworking and virtual meetings. The use of consultants and other resources engaged through non-staff contractual mechanisms increases the daily head count in the office, but numbers and timing also fluctuate, further increasing the need for effective management of flexible and versatile work space. Such conditions have to be met with a structure that can be adapted quickly and efficiently.

37. In the current environment there is a constant demand for meeting rooms (50–100 people) with a less frequent but equally significant need for a larger room for 550 or more with “break-out” facilities. Such a need is addressed within the renovation strategy through the creation of four meeting rooms in a single location within the proposed new building that can be adapted into a single, larger facility when necessary. Adding those facilities will facilitate the work of the Organization during the renovation of the main building and ultimately increase its capacity to accommodate requests for meeting facilities.

38. Following completion of the proposed renovation strategy, all the Organization’s Geneva buildings will offer a degree of flexibility enabling them to be configured in either open space or cellular arrangements, which will allow the Organization quickly and efficiently to adapt to changing space needs. Table 3 below summarizes the gains in flexibility offered by the proposed renovation strategy.

Table 3. Summary of enhanced flexibility following completion of Geneva buildings renovation strategy

	Situation in 2012	Situation in 2025
Number of buildings	10	3
Number of façades	73	46
Number of elevators	30	27
Number of restaurants	3	2
Number of formal meeting rooms	26	27
Capacity of formal meeting rooms	1407 seats	1837 seats
Area of land occupied	96 432 m ²	74 691m ²
Heat energy requirements	8.249 million Kwh/year	3.265 million Kwh/year

Life cycle cost

39. The facility maintenance, utilities and capital investment costs of the strategy can be compared over the 40-year anticipated life of the renovated site, with the option of carrying out minimal essential repairs and maintenance in accordance with local building codes and standards.

40. The cost of the proposed Geneva buildings renovation strategy over the 40-year life cycle of the building is estimated at 442.9m Swiss francs.

41. The cost of carrying out minimum repairs to the existing buildings over the same period is estimated at 524.8m Swiss francs.

42. It is estimated that implementing the proposed Geneva buildings renovation strategy will produce cost saving of 81.9m Swiss francs over 40-year life cycle of the building.

43. The Organization's strategy also facilitates significant reductions in the carbon dioxide emitted by the building into the atmosphere, and increased flexibility to respond to evolving space demands.

44. The proposed Geneva buildings renovation strategy will also facilitate the renovation of the main building when it is empty. Without a new building providing additional space to accommodate the Organization's staff, construction works on the main building would have to be conducted while it was occupied. The inherent complexity of such a strategy would imply significant additional risk in the following areas: health and safety, cost and business continuity.

45. The proposed Geneva buildings renovation strategy also provides an opportunity for the Organization to access an interest-free loan and avoid immediate significant capital investment.

UPDATE OF THE STATUS OF THE REAL ESTATE FUND AND THE FINANCING STRATEGY FOR THE RENOVATION PROJECT

Proposed financing structure

46. The financing structure of the renovation strategy remains unchanged since the last update to Member States at the Sixty-eighth World Health Assembly.¹ Construction of the new building will be financed through a 50-year, interest-free loan of 140 million Swiss francs from the Host State. An initial loan of 14 million Swiss francs was already approved by the Swiss federal authorities in February 2014. This sum represented an advance of 10% of the full loan for planning purposes, in line with decision WHA67(12) (2014).

47. Renovation of the main building and future loan repayments for the new building and WHO/UNAIDS building will be financed from the Real Estate Fund, through the sustainable financing mechanism, established in resolution WHA63.7 (2010):

- US\$ 10 million made available by the Director-General at the end of each budget period from Member States' non-assessed income, and
- US\$ 15 million per budget period, corresponding to the real estate component of the post occupancy charge.

48. Following completion of the renovation of the main building, it is envisaged that the existing L1, L2 and M buildings and the land on which they are located (plot 406) will be sold for an estimated 43 million Swiss francs. This sale will recapitalize the Real Estate Fund, providing the resources necessary to continue to support repair, maintenance and eventual renewal of the Organization's global real estate assets.

49. The financing of the Real Estate Fund will need to be reassessed periodically, particularly in respect of the US\$ 8 million/budget period envisaged for the repair of all WHO-owned properties and the availability of the appropriation from Member States non-assessed income. The value of plot 406 will also evolve over time in common with local real estate market trends. Table 4 below shows the current balance of the Real Estate Fund.

Table 4. The current balance of the Real Estate Fund (US\$ million)

Balance as at 1 January 2014	33.77
Income (appropriation)	25.00
Revenue (post occupancy charge and rental receipts) up to July 2015	16.49
Total	75.26
Expenses up to July 2015	7.74
Total	67.52

¹ See <http://www.who.int/about/structure/en/> (accessed 25 November 2015).

50. The current balance of the Real Estate Fund is in line with previous projections and on track to fund the foreseen construction costs and loan repayment liabilities and repair/maintenance of other premises.

51. The anticipated cash flow for the project is also in line with previous projections and is forecast to remain positive throughout the implementation period of the renovation strategy. The positive balance is made possible by the loan from the Swiss Confederation for the new building, the continuation of the sustainable financing mechanism for the Real Estate Fund and prudent management of the Real Estate Fund during the period preceding the start of renovation of the main building.

52. The positive balance of the Real Estate Fund makes it easier to implement the real estate strategy without recourse to additional funding. Although the sale of the L1, L2 and M buildings remains a long-term goal of the Secretariat, following the completion of the renovation of the main building, the financing of the real estate strategy is not dependent on the revenue anticipated from the sale of plot 406 and the L1, L2 and M buildings.

53. The projected balance of the Real Estate Fund must be viewed in the context of the anticipated needs in all offices, regional and country, as well as those of the WHO/UNAIDS building in Geneva. The WHO/UNAIDS building will be 19 years old at completion of the renovation of the main building and significant investment may be anticipated. Comprehensive studies to assess such needs have not yet been initiated; when received, they are expected to be met from the Real Estate Fund (see Table 5 below).

Table 5. Projects cash flow projections (US\$ million)

	2014–2015	2016–2017	2018–2019	2020–2021	2022–2023	2024–2025	2026–2027	2028–2029	2030–2031
Projected Real Estate Fund balance at the start of each budget period	33.80	67.70	77.44	90.08	77.52	34.76	65.80	75.84	85.88
Income									
Post occupancy charge	15.00	15.00	15.00	15.00	15.00	15.00	15.00	15.00	15.00
Biennial appropriation	25.00	10.00	10.00	10.00	10.00	10.00	10.00	10.00	10.00
Loan	4.60	23.62	96.87	14.91	0	0	0	0	0
Sale of land proceeds	0	0	0	0	0	43.00	0	0	0
Total income	44.60	48.62	121.87	39.91	25.00	68.00	25.00	25.00	25.00
Expenditure									
Main building renovation	0	0	0	25.20	53.00	22.00	0	0	0
Loan repayment D building	1.36	1.36	1.36	1.36	1.36	1.36	1.36	1.36	1.36
Construction new building	2.70	25.52	96.87	14.91	0	0	0	0	0

	2014–2015	2016–2017	2018–2019	2020–2021	2022–2023	2024–2025	2026–2027	2028–2029	2030–2031
Main building studies	2.80	7.00	0	0	0	0	0	0	0
Loan repayment new building	0	0	0	2.80	5.60	5.60	5.60	5.60	5.60
Repair and maintenance	3.84	8.00	8.00	8.00	8.00	8.00	8.00	8.00	8.00
Total expenditure	10.70	41.88	106.23	52.27	67.96	36.96	14.96	14.96	14.96
Projected balance at the end of each budget period	67.70	77.44	90.08	77.52	34.76	65.80	75.84	85.88	95.92

Project timelines

54. The project timelines remain unchanged from the plans previously communicated to Member States and a summary of key project dates is listed below:

- Delivery of preliminary studies to the Secretariat October 2015
- Delivery of detailed studies to the Secretariat December 2016
- Issuing of construction tender documents January 2017
- Preparatory works for construction of new building September 2017
- Construction work for new building January 2018
- Handover of new building December 2019
- Renovation of main building January 2021
- Handover of main building December 2024

Governance structure

55. A project coordination committee consisting of representatives of the Secretariat, the Canton of Geneva, the Swiss federal authorities and the Foundation for Buildings for International Organizations will continue to provide an oversight and coordination function to the project (see Figure 2).

56. As project planning advances, and, in accordance with the recommendations contained in the Joint Inspection Unit report,¹ a dedicated professional project manager, reporting directly to the Secretariat, will be appointed to provide direction and coordination of the many facets of the construction and enabling works to mitigate and manage the project costs and risks. A specific and

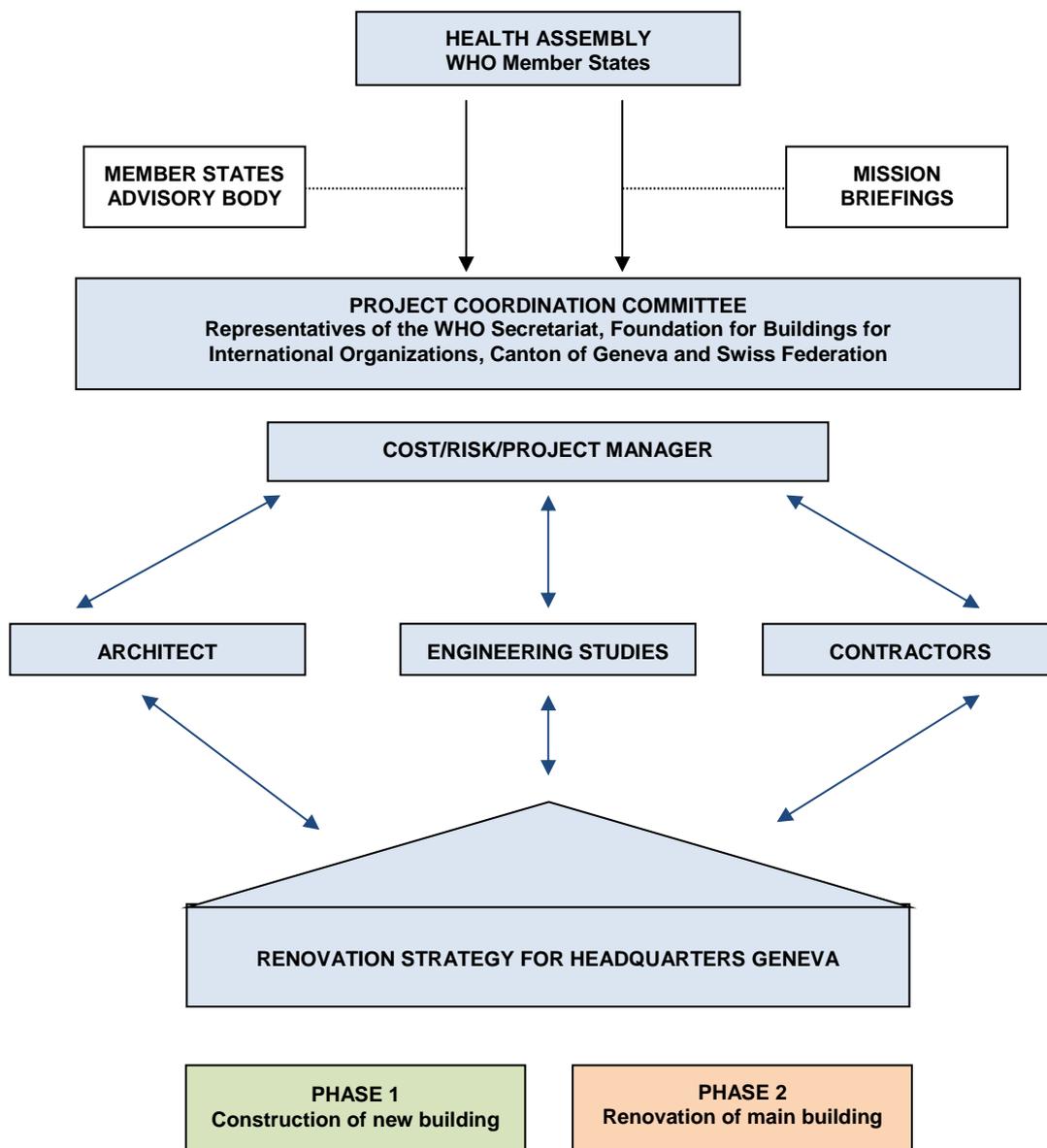
¹ Capital/refurbishment/construction projects across the United Nations system organizations (document JIU/REP/2014/3).

detailed project risk register will be established in 2016 and will form part of future updates to this report.

57. In accordance with the previous guidance provided by Member States, a Member State Advisory body is being established and will become operational when the project is approved.

58. In line with previous requests from Member States, a mission briefing on the renovation strategy was conducted in November 2015. Further briefings will be scheduled.

Figure 2. Governance structure for Geneva buildings renovation project



Ownership of buildings and land

59. The Organization owns the buildings currently constructed on the WHO site in Geneva. The land, on which the buildings are constructed, with the exception of the parcel of land on which the L1, L2 and M buildings are located, belongs to the Canton of Geneva. The land on which the L1, L2 and M buildings are built is owned by the Organization. In 1960 the Organization was granted an indefinite building right (droit de superficie) on the land on which the main building and the C and X buildings are built, and on which the new building will also be erected. Further to a legislative modification introduced in 1965, a building right currently has a maximum duration of 100 years under Swiss law. It may be prolonged at any time for a further period of up to 100 years, but any obligation of the owner of the land to do so stipulated in advance is not binding. At the expiration of the building right, the ownership of the constructions erected on the land for which a building right was granted returns to the owner of the land, who must pay the holder of the expired building right adequate compensation for the buildings that have reverted to the land owner's ownership. The land on which the WHO/UNAIDS building was erected in 2006 is also subject to a building right, whose related agreement is under negotiation.

Next steps

60. The Secretariat, through active engagement with other international organizations in Geneva, recognizes the lessons learnt from other projects, especially the need for detailed and comprehensive planning, particularly in relation to cost. The Secretariat has therefore requested greater precision from the design team regarding anticipated construction costs than is typical at the preliminary design stage of a project.

61. Particular care is being taken to integrate and synchronize the planning and preparatory work for the new building and the main building renovation in order to leverage opportunities for synergies and cost savings. This work will continue throughout the detailed design and implementation phases.

62. The next stage of the project comprises the preparation of the detailed studies needed for obtaining the permits and authorizations to allow construction of the new building and renovation of the main building. That phase of the project is anticipated to be complete by October 2016.

63. The Secretariat will also finalize the engagement of a project management entity to oversee and coordinate the design, implementation and logistics phases of the project.

64. In parallel, the Swiss Parliament will consider the approval for granting the balance of the loan to WHO for construction of the new building. A decision is anticipated by the Swiss federal authorities in December 2016.

ACTION BY THE EXECUTIVE BOARD

65. The Executive Board is invited to consider the following draft resolution:

The Executive Board,

Having considered the report of the Director-General on real estate: update on the Geneva buildings renovation strategy;¹

Noting the favourable business case for the Geneva buildings renovation strategy, the critical need to address failing infrastructure at WHO headquarters and the sustainable financing mechanism established to fund the strategy;

Noting the status of negotiations with the Swiss authorities for the construction of a building in Geneva to replace existing temporary and provisional buildings and to provide additional space in order to facilitate the renovation of the main building,

RECOMMENDS to the Sixty-ninth World Health Assembly the following draft decision:

The Sixty-ninth World Health Assembly, having considered the report of the Director-General on real estate: update on the Geneva buildings renovation strategy, decided:

- (1) to reiterate its appreciation to the Swiss Confederation and to the Republic and Canton of Geneva for the continued expression of their hospitality;
- (2) to adopt the Geneva buildings renovation strategy, as described in the report on real estate: update on the Geneva buildings renovation strategy;
- (3) to authorize the Director-General to proceed with the construction of a new building at WHO headquarters in Geneva at a cost currently estimated at 140 000 000 Swiss francs, on the understanding that if during the evolution of the design period, the likely total cost of the building was to increase by more than 10%, further authority would be sought from the Health Assembly;
- (4) to accept the full 50-year, interest-free loan of 140 million Swiss francs from the Swiss federal authorities, subject to their final approval in December 2016;
- (5) to approve the use of the Real Estate Fund for the repayment over a 50-year period of the interest-free loan if provided by the Swiss authorities with effect from the first year of the completion of the building;
- (6) to request the Director-General to report at appropriate intervals to the Executive Board and the World Health Assembly on progress in the construction of the new accommodation and on related construction costs.

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¹ Document EB138/45.