

## **Real estate: update on the Geneva buildings renovation strategy**

### **Report by the Director-General**

#### **INTRODUCTION AND OVERVIEW OF CURRENT STATUS**

1. At its 138th session, the Executive Board noted an earlier version of this report,<sup>1</sup> which summarized the history of the project to renovate the WHO buildings in Geneva. The report was amended in response to comments made by the Executive Board and its Programme, Budget and Administration Committee.<sup>2</sup>

2. WHO headquarters in Geneva comprises 100 000 square metres of office and conference space, distributed among 10 separate buildings. The main building, the first to be constructed on the site, in 1966, is considered a fine and architecturally significant example of its style. Additional buildings, including seven provisional and temporary structures, were constructed to accommodate WHO staff. The WHO/UNAIDS building was added last, in 2006.

3. In 2008, the Secretariat prepared a project of limited scope for the renovation of the main building, including extensive infrastructure repair. During the planning phase, it became apparent that the limited scope of the refurbishment would be only a partial solution to the real estate challenges facing WHO in Geneva and precipitate significant disturbance and risk to the operational capacity of WHO during construction. Additionally, the limited scope project would not have resolved 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, developed a comprehensive plan encompassing all buildings on the headquarters site.

5. In May 2013, the Health Assembly considered four options, noted the Secretariat's report thereon and favoured a plan<sup>3</sup> 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

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<sup>1</sup> See document EB138/45.

<sup>2</sup> See the report of the Programme, Budget and Administration Committee to the Executive Board at its 138th session (document EB138/3) and the summary record of the Executive Board at its 138th session, fourteenth meeting, section 3 (document EB138/2016/REC/2).

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

three other annex buildings. That plan is referred to hereinafter as “the Geneva buildings renovation strategy”.

6. During the period 2014–2015, the Secretariat in cooperation with the Foundation for Buildings for International Organisations organized an architectural competition for the proposed new building. The competition jury selected Berrel Berrel Kräutler AG, which began preparing preliminary studies.

## **THE BUSINESS CASE FOR THE GENEVA BUILDINGS RENOVATION STRATEGY**

### **Project context**

7. The WHO Geneva buildings renovation strategy should be viewed in the context of the repairs and building deficiencies previously observed in the WHO Geneva buildings.<sup>1</sup> 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 or United Nations environmental sustainability goals;
- temporary and provisional buildings that cannot easily be 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.

### **Advantages of a comprehensive renovation strategy**

8. The proposed Geneva buildings renovation strategy represents a comprehensive approach consistent with industry best practices and the recommendations of the United Nations Joint Inspection Unit.<sup>2</sup> The approach is considered 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 WHO 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;

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<sup>1</sup> See document A66/42.

<sup>2</sup> See document JIU/REP/2014/3.

- 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;
- allows for a reassessment of needs so as to improve space utilization; and
- provides an opportunity to smooth the capital investment requirements over 50 years by means of a Host State loan.

9. The Geneva buildings renovation strategy, although more extensive than refurbishing 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.

10. Without the new building and concomitant interest-free loan, the Organization's Real Estate Fund would not have the necessary resources to finance the renovation of the existing temporary and provisional buildings. The structural 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.

11. The construction of a new annex building to replace the outdated provisional and temporary buildings will provide additional space to absorb the staff currently accommodated in the main building; obviate the need for rented space, which would be challenging to find and finance; and means the main building will not be occupied during its renovation, allowing for swifter renovation of the main building (lasting four years instead of 10) with consequential mitigation of cost and business interruption risk.

### **Increased flexibility – improved utilization of space**

12. Document A66/42 established that the most cost-effective approach to the renovation would be to replace the provisional and temporary buildings with a single building. This in turn has provided an opportunity to give consideration to the organizational need for space.

13. The existing provisional and temporary buildings (L1, L2, M, C and X) were built using modular techniques to reduce construction time and costs. These structures are inflexible as the partitions between offices function as structural elements, which are complicated and expensive to remove or adapt.

14. Work styles and space requirements vary among 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 on the headquarters site. As the number of persons on site fluctuates, effective management requires flexible and versatile work space. A building that can be adapted quickly and efficiently will meet these conditions.

15. In the current environment, there is a constant demand for meeting rooms with a capacity of 50–100 people, with a less-frequent but significant need for a larger room with a capacity of 600 with “break-out” facilities. The renovation strategy meets these needs by creating four meeting rooms in a single location within the proposed new building, which can be combined into a single, larger facility when necessary. These elements 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.

16. Upon completion of the proposed renovation strategy, all of the Organization’s Geneva buildings will have a degree of flexibility 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 1 below summarizes the gains in flexibility offered by the proposed renovation strategy.

**Table 1: Summary of enhancements upon completion of the Geneva buildings renovation strategy**

	<b>Situation in 2012</b>	<b>Situation in 2025</b>
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	1 407 seats	1 837 seats
Area of land occupied	96 432m <sup>2</sup>	74 691m <sup>2</sup>
Heat energy requirements	8,249 million Kwh/year	3,265 million Kwh/year

### **Environmental performance improvements**

17. The proposed Geneva buildings renovation strategy includes significant environmental performance enhancements, which will reduce the quantity of carbon dioxide emitted into the atmosphere by the Organization’s buildings.

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

19. In 2012, the Geneva buildings emitted an estimated 4 677 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 3 895 tonnes per year or 83% of the 2012 total. Table 2 below details the projected 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

**Long-term operational cost savings**

20. The renovation strategy will reduce the number of buildings on the headquarters site from 10 (in 2012) to three and the number of building façades from 73 to 46. These changes will result in reductions in the cost of building maintenance, cleaning and repairs, collectively referred to as facility management.

21. Implementing the strategy will also enable a significant increase in the thermal efficiency of the building's roofs and façades, with a consequent reduction in utility costs.

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

23. The next stage of the planning process will involve detailed design, including material specification, during which 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.

24. 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.

25. 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 3 below sets out cost estimates for the options under consideration.

**Table 3: Breakdown of estimated facility management costs by option (Swiss francs)**

	<b>2012 costs</b>	<b>Estimated costs in 2025 using district heating*</b>	<b>Estimated costs in 2025 using conventional boilers and cooling**</b>
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
<b>Total cost per year</b>	<b>8 389 510</b>	<b>5 349 209</b>	<b>4 246 287</b>
<b>Total estimated life cycle cost over 40 years (Swiss francs)***</b>	<b>335 580 400</b>	<b>213 968 360</b>	<b>169 851 480</b>

\* 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

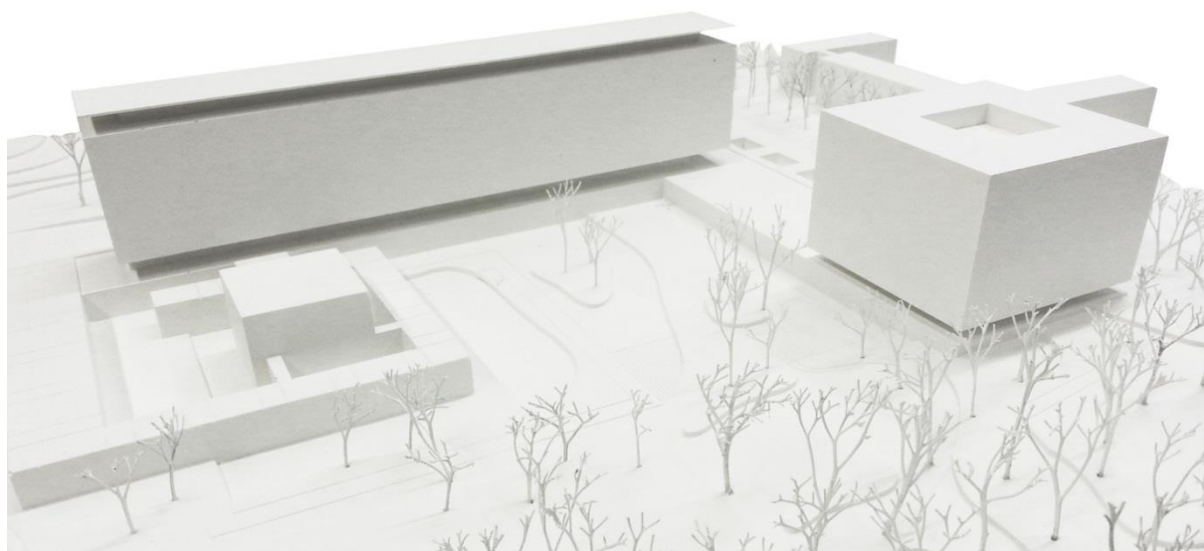
26. The facility maintenance, utilities and capital investment costs of the strategy can be compared over the anticipated 40-year life of the renovated site, with the option of carrying out minimal essential repairs and maintenance in accordance with local building codes and standards. The cost of the proposed Geneva buildings renovation strategy over the 40-year life cycle of the building is estimated at 442.9 million Swiss francs. The cost of carrying out minimum repairs to the existing buildings over the same period is estimated at 524.8 million Swiss francs. Implementing the proposed Geneva buildings renovation strategy will produce estimated cost savings of 81.9 million Swiss francs over 40-year life cycle of the building.

## PRELIMINARY STUDIES

27. The purpose of the preliminary studies was to verify earlier assumptions regarding the financial and practical feasibility of delivering the project as described above. The preliminary studies do not provide cost guarantees but 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.

## Phase I – Construction of a new building

**Figure 1: Proposed new building adjacent to the main building**



28. 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, using waste heat from conference rooms and data centres and heat exchanger technology to reduce overall heating requirements;
- functional, flexible working environments that can be adapted to evolving office space densities and needs;
- a restaurant and dining room with seating capacity for 450 users; and

- high levels of insulation and sun shading to reduce heating and cooling needs and meet Swiss standards<sup>1</sup> for comfort and environmental performance.

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

### **Estimated construction costs**

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

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

- reducing the area and volume of basement levels and, consequently, 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.

32. 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.

### **Phase II – Renovation of the main building**

33. The preliminary studies on the main building renovation project describe a scheme comprising the replacement of technical infrastructure so as to comply with modern standards, the removal of asbestos-containing materials, and the enhancement of the thermal performance of the façades and roof.

34. The project involves particular challenges when it comes to modernizing infrastructure and meeting modern energy performance standards, which must be balanced against the constraints inherent in the preservation of the architectural integrity of the main building.

35. 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;

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<sup>1</sup> SIA 380/1 Society of Swiss Architects and Engineers.



- 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; and
- compliance with local building codes and standards as far as is practical and feasible, considering the limitations of the original structure and design.

### **Estimated renovation costs**

36. 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
- simplifying the options for energy and cooling systems by using the single system with updated technology proposed for the new building.

37. 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.

### **Total construction costs of the WHO headquarters renovation strategy (preliminary study stage)**

38. The estimated construction cost of the Geneva buildings renovation strategy is given in Table 4 below:

**Table 4: Estimated construction costs**

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

39. Given the aforementioned 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.

40. 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.

## **FINANCING STRATEGY FOR THE RENOVATION PROJECT**

41. The financing structure of the renovation strategy remains unchanged since the last update to Member States, at the Sixty-eighth World Health Assembly.<sup>1</sup> Phase I, 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, representing an advance of 10% of the full loan for project planning purposes, in line with decision WHA67(12) (2014).

42. Phase II, renovation of the main building, will be financed entirely from the Real Estate Fund.

## **FINANCING OF THE REAL ESTATE FUND**

43. The Real Estate Fund will be financed by the sustainable financing mechanism established by 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.

44. The sustainable financing mechanism thereby seeks to ensure that Member States will not be approached for additional assessed contributions to fund the renovation strategy.

45. 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.

46. The financing of the Real Estate Fund will need to be reassessed periodically, particularly in respect of the US\$ 8 million per 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 5 below shows the current balance of the Real Estate Fund.

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

**Table 5: Real Estate Fund: current balance (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
<b>Total</b>	<b>67.52</b>

47. 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.

48. 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.

49. 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.

50. 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 upon the 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 Tables 6 and 7 below).

**Table 6: Real Estate Fund: income projection (US\$ million)**

Income	2014–2015	2016–2017	2018–2019	2020–2021	2022–2023	2024–2025	2026–2027*	2028–2029	2030–2031*
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
<b>Total income</b>	<b>44.60</b>	<b>48.62</b>	<b>121.87</b>	<b>39.91</b>	<b>25.00</b>	<b>68.00</b>	<b>25.00</b>	<b>25.00</b>	<b>25.00</b>

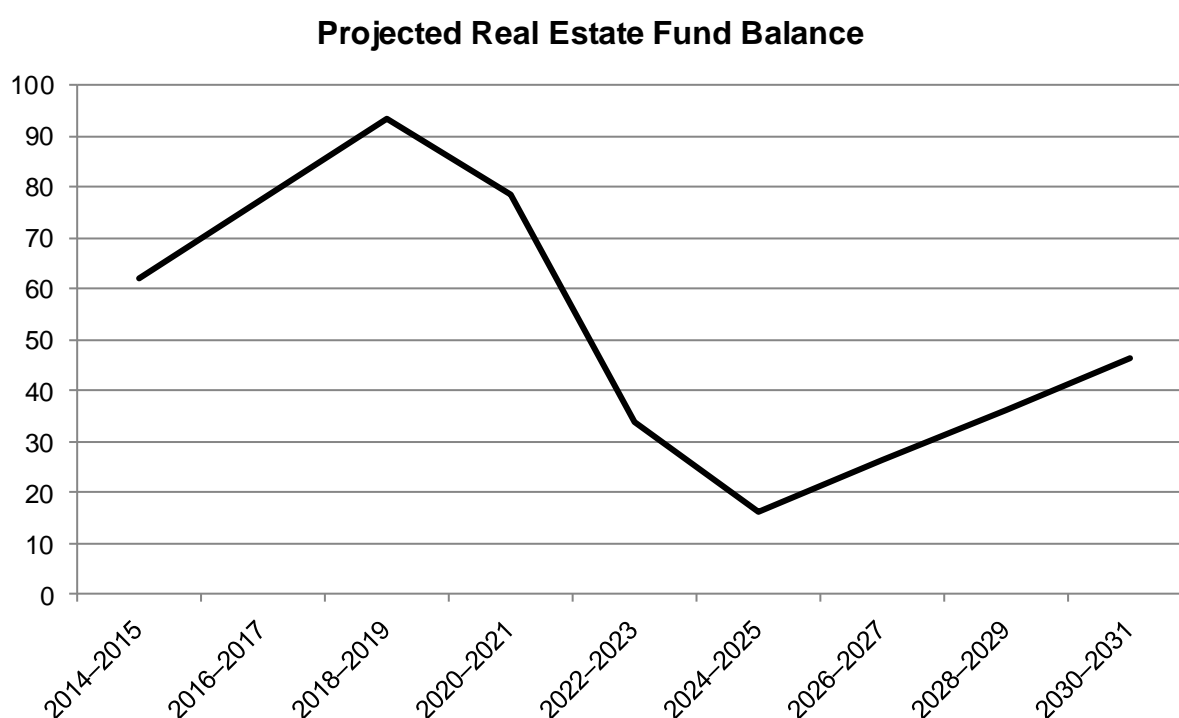
\* Constant – subject to review in 2026

**Table 7: Real Estate Fund: expenditure projection (US\$ million)**

Expenditure	2014–2015	2016–2017	2018–2019	2020–2021	2022–2023	2024–2025	2026–2027*	2028–2029	2030–2031
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
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 <sup>(1)</sup>	3.84	8.00	8.00	8.00	8.00	8.00	8.00*	8.00	8.00
<b>Total expenditure</b>	<b>10.70</b>	<b>41.88</b>	<b>106.23</b>	<b>52.27</b>	<b>67.96</b>	<b>36.96</b>	<b>14.96</b>	<b>14.96</b>	<b>14.96</b>

\* Constant

<sup>(1)</sup> Global repair maintenance need will be assessed against insured value every six years.

**Figure 2: Real Estate Fund: cash flow projection (US\$ million)**

### Project timelines

51. The project timelines remain unchanged from the plans previously communicated to Member States; 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 work for new building construction	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**

52. 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 Organisations will continue to provide an oversight and coordination function to the project (see Figure 3).

53. As project planning advances, and, in accordance with the recommendations contained in the Joint Inspection Unit report,<sup>1</sup> a dedicated professional project manager, reporting directly to the Secretariat via a project board, 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. The project board will be directly accountable to the Director-General (see Figure 3).

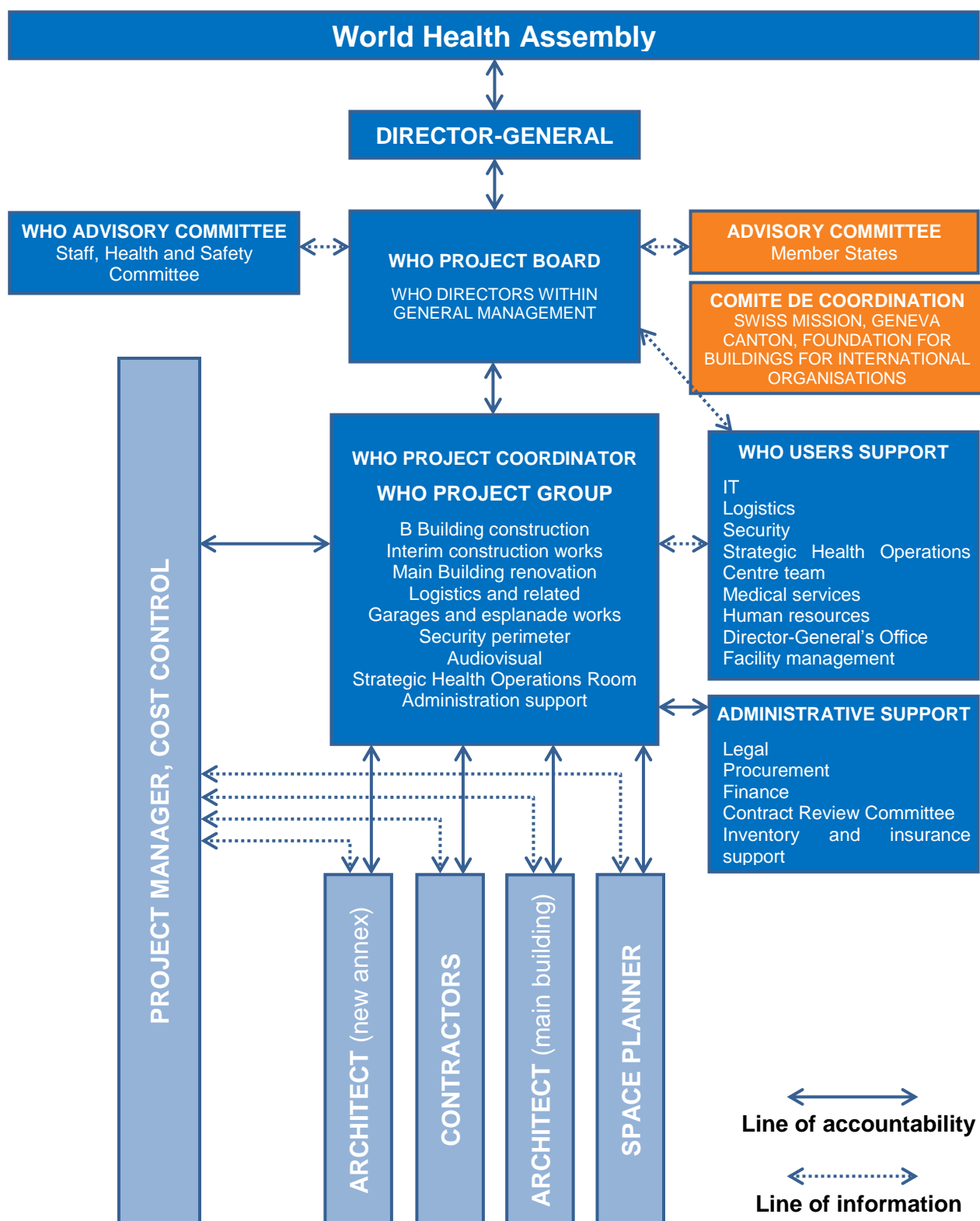
54. In accordance with the previous guidance provided by Member States and reflected in resolution EB138.R7, of 30 January 2016, a Member State Advisory Committee is being established and will become operational when the project is approved.

55. 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.

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

Figure 3. Governance structure for Geneva buildings renovation strategy



## Ownership of buildings and land

56. The Organization owns the existing buildings on the WHO site in Geneva. The land on which they stand belongs to the Canton of Geneva, with the exception of that on which the L1, L2 and M buildings are located, which 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 stand and the new building will 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 any structure 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, the agreement related to which is under negotiation.

## Next steps

57. 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.

58. 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.

59. 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 December 2016.

60. 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.

61. 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 HEALTH ASSEMBLY

62. The Health Assembly is invited to consider the following draft decision, as recommended by the Executive Board:<sup>1</sup>

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<sup>1</sup> Resolution EB138.R7 (2016).

The Sixty-ninth World Health Assembly, having considered the report of the Director-General on real estate: update on the Geneva buildings renovation strategy,<sup>1</sup> 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 renovation of the main building (110 million Swiss francs) and the construction of a new building (140 million Swiss francs) at WHO headquarters in Geneva with a total cost of 250 million Swiss francs, on the understanding that if during the evolution of the design period, the likely total cost of the project was to increase by more than 10%, further authority would be sought from the Health Assembly;
- (4) to authorize the Director-General 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 cost of renovations and 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; and
- (6) to request the Director-General:
  - (a) to ensure the allocation of US\$ 25 million per biennium to the Real Estate Fund; and
  - (b) to report at least every two years to the Executive Board and the Health Assembly on progress in the construction of the new accommodation and on related construction costs.

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<sup>1</sup> Document A69/56.