

Update on the Infrastructure Fund

Geneva buildings renovation strategy and regional building projects

Report by the Director-General

1. In decision WHA69(18) (2016), the Health Assembly adopted the Geneva buildings renovation strategy and authorized the Director-General to accept a 50-year, interest-free loan of 140 million Swiss francs from the Swiss federal authorities to finance the construction of a new annex building. The Health Assembly also approved the use of the Real Estate Fund¹ for the financing of renovations of the main building (110 million Swiss francs) and the repayment over a 50-year period of the interest-free loan.
2. The renovation strategy is a key component of output 4.3.4 (Safe and secure environment, with efficient infrastructure maintenance, cost-effective support services and responsive supply chain, including duty of care) of the results framework of the Thirteenth General Programme of Work, 2019–2025.
3. This report provides an update on the construction and renovation projects associated with the renovation strategy, including progress against previously reported timelines and cost updates. In addition, it outlines the evolution of the Geneva buildings renovation strategy during the next 10-year period. It also describes proposals for two regional real estate projects, in Kabul and in Juba, for consideration by the Health Assembly.

PROJECT MANAGEMENT AND GOVERNANCE

4. The Geneva building renovation strategy is managed in accordance with best practice principles and the governance model communicated to the Health Assembly in 2016.² A combination of external experts (coordinated by an in-house project team) and a project board (composed of senior managers) enables decision-making and oversight of the project. The project board is assisted by separate internal and external advisory committees.

STATUS OF THE PROJECT AND PROGRESS MADE

Construction of the new annex building

5. Construction of the new annex building was completed on 13 November 2020.

¹ This has become the real estate component of the Infrastructure Fund, following the adoption of decision WHA70(16) in 2017.

² See document A69/56.

Renovation of the main building

6. Renovation of the main building is underway. The completion date remains unchanged (see Table 1). To mitigate the risks inherent in renovating an existing building and in line with construction industry best practices for complex renovation projects, the Secretariat engaged a management contractor at an early stage, through a competitive bidding procedure, to advise and assist in the detailed design and project planning.

7. Preservation of the architectural integrity of the main building has presented challenges for compliance with modern energy performance standards and meeting the office layout requirements. Revised United Nations security standards and implementation of the United Nations Disability Inclusion Strategy also resulted in additional requirements. The Secretariat has maintained close contact and coordination with local authorities to address these challenges and identify solutions, while remaining within the original project budget envelope and time frame.

Table 1. Milestones in the Geneva buildings renovation strategy

Milestone	Original target date	Status and/or target date as at May 2024
Construction work for new annex building starts	November 2017	Completed as planned
Handover of new annex building	July 2020	November 2020
Renovation of main building starts	January 2021	April 2021
Handover of main building	December 2024	December 2024

FINANCIAL STATUS OF THE GENEVA BUILDINGS RENOVATION STRATEGY

Financing strategy

8. The construction of the new annex building was financed by a 50-year, interest-free loan of 140 million Swiss francs from the Swiss federal authorities. The loan will be repaid through the real estate component of the Infrastructure Fund.

9. The renovation of the main building is financed from the real estate component of the Infrastructure Fund and is estimated to cost 110 million Swiss francs.

Financing of the real estate component of the Infrastructure Fund

10. The real estate component of the Infrastructure Fund is financed by the sustainable funding mechanism established by resolution WHA63.7 (2010) and decision WHA69(18) (2016). This mechanism ensures that US\$ 25 million per biennium is allocated to the real estate component of the Infrastructure Fund to ensure that Member States are not required to provide additional assessed contributions to fund the Geneva buildings renovation strategy or the global capital master plan.

Real estate component of the Infrastructure Fund: current balance, income, expenditure

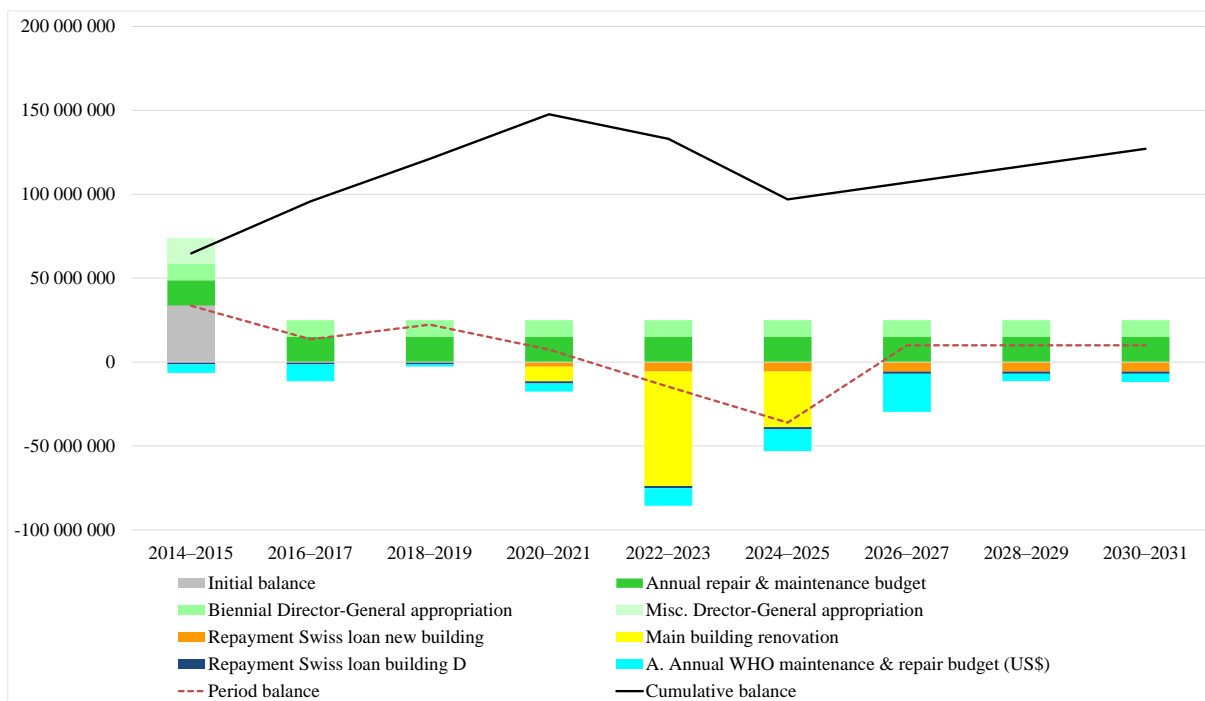
11. As at 31 December 2023, the cumulative balance of the real estate component of the Infrastructure Fund (see Table 2) is in line with previous projections and on track to fund the anticipated main building renovation costs, future loan repayment liabilities and the repair/maintenance liabilities of other WHO-owned premises.

Table 2. Real estate component of the Infrastructure Fund (in US\$ thousands)

Cumulative balance as at 31 December 2022	146 793
Revenue	45 209
Expenses and transfers	58 987
Cumulative balance as at 31 December 2023	133 015

12. The cumulative balance of the real estate component of the Infrastructure Fund is forecast to remain positive and gradually increase following the renovation of the headquarters site (see Figure below). Beyond Geneva, this projection includes estimates of major repair liabilities on all WHO-owned buildings as identified and scheduled under the global capital master plan. The anticipated repairs and associated cost were identified and compiled by independent professional engineers and surveyors. The positive balance of the real estate component of the Infrastructure Fund is made possible by the continuation of the sustainable funding mechanism, with its existing income requirements, and the continued prudent management of the Fund.

Figure. Real estate component of the Infrastructure Fund: income and expenditure projection (in US\$)



Construction cost of the new annex building

13. Following construction for the new annex building, the final account was agreed with the general contractor. The final cost of construction, including all fees and ancillary costs, was 140 million Swiss francs.

Cost of renovation of the main building

14. The preliminary studies and cost estimates of the main building renovation project were prepared in 2014. They were based on a project to replace the building's technical infrastructure, in accordance with environmental standards; remove materials containing asbestos; and enhance the thermal performance of the building facades and roof. The project does not include the supply and installation of information technology and audiovisual equipment, which are separate projects, managed in parallel. Notwithstanding the cost pressures referred to in paragraph 7, the renovation of the main building remains on track for completion within the budget of 110 million Swiss francs approved by Member States in 2016 (see Table 3).

Table 3. Costs of the Geneva buildings renovation strategy (in Swiss francs as at 31 December 2023)

Project phase	Approved budget	All contracts awarded	Contracts not yet awarded	Anticipated total expenditure	Variance (budget versus anticipated total expenditure)
Construction of new annex building	140 000 000	140 000 000	–	140 000 000	–
Renovation of main building	110 000 000	109 883 324	116 676	110 000 000	–
Total	250 000 000	249 883 324	116 676	250 000 000	–

COST AND RISK MANAGEMENT

15. Cognizant that all construction projects involve a high degree of inherent risk, the Secretariat engaged professional construction cost and risk managers to identify, quantify and advise on project risks.

16. A project-specific risk register has been established to track the evolution of risks relative to progress. The risk register is reviewed and updated regularly, with input from architects, engineers, project managers and contractors.

17. The Secretariat remains focused on cost control, in terms of both the capital construction cost of the works and the long-term life-cycle costs of the completed buildings. Architects and engineers have been tasked with producing simple, low-maintenance, durable designs that will reduce future buildings-related operations costs of the Organization.

18. Costs are reviewed on a weekly basis by the project team, under the guidance of specialist construction cost managers.

EVOLUTION OF THE GENEVA BUILDINGS RENOVATION STRATEGY

19. In 2016, the Director-General presented in document A69/56 an update on the Geneva buildings renovation strategy, a comprehensive real estate strategy intended to provide flexible, energy efficient, accessible, safe and secure buildings for anticipated WHO staffing needs in Geneva. It was envisaged that the renovated site would provide a maximum of 2550 office spaces in open plan format or 2170 office spaces in the existing partitioned format. It was further envisaged that the L1, L2 and M buildings and the land on which they are located (plot 406) would be sold and the proceeds used to recapitalize the real estate component of the WHO Infrastructure Fund.

20. Since then, a number of factors have changed. Staff numbers at headquarters have increased, from 2024 to 2752 on 31 December 2023. In addition, security standards have been revised; updated United Nations Department of Safety and Security recommendations require the installation of a secure pedestrian perimeter and a physically separate accreditation building. Furthermore, work styles, local real estate economics and well-being expectations of staff and visitors have evolved.

21. In view of the above factors, the Secretariat initiated a study to assess options for the future use of plot 406 that optimize the asset performance and future expenditure, reduce operating costs, improve operational flexibility, comply with United Nations security standards and promote well-being and inclusion. Consideration is also given to the short-term rental of space in the L and M buildings to a United Nations sister agency, following the relocation of staff to the renovated main building. Results of the analysis will be included in subsequent updates to Member States.

MAJOR REPAIR AND MAINTENANCE OF WHO-OWNED BUILDINGS GLOBALLY

22. WHO owns buildings in locations outside Geneva that require major maintenance and repair to ensure their continued availability to support WHO operations. An independent survey of WHO-owned buildings was commissioned to identify and quantify major repairs and update the global capital master plan. The prioritized programme of repair works identified through the independent survey process were started in 2022. The estimated costs and cash flow required for these works are included in the income and expenditure projection referred to in paragraphs 11–12 and the Figure above.

23. Against this background, the Health Assembly is invited to consider the following proposals for reconstruction of the WHO Country Office building in Kabul and construction of a new WHO country office building in Juba.

PROPOSED RECONSTRUCTION OF THE COUNTRY OFFICE BUILDING IN KABUL

24. The WHO Country Office in Kabul has expanded rapidly since 2021 and the staff has increased by 46% (65 new staff members). This rapid increase has been assessed by the Regional Office as a long-term, continuing need. The increase in staff numbers presents challenges in terms of adequate working space and compliance with occupational health standards and United Nations Minimum Operating Security Standards (MOSS). Given that the existing facilities were already at capacity prior to 2021 and that commercial space that meets security requirements is not available locally, action by the Secretariat is needed to ensure that the Country Office can continue to deliver services.

25. The existing building was surveyed in 2022 as part of the global assessment of WHO buildings. The survey identified significant defects requiring urgent repair, at an estimated cost of approximately US\$ 1.5 million.

26. In view of the estimated cost of repair of the existing facilities, which are inadequate for current and future staffing needs, it is proposed to demolish the building and reconstruct a larger building on the same site to provide adequate space for the country presence.

27. The WHO Capital Investment Master Plan Arbitration and Validation Panel assessed the proposed project according to its established validation methodology based on objective indicators. The Panel provisionally approved the demolition and reconstruction of the Kabul country office building at an estimated cost of US\$ 3.7 million, financed from the real estate component of the Infrastructure Fund and included in the updated cash flow projections described in Table 2 above. This cost has therefore been included in the global capital master plan, pending approval by the Health Assembly.

28. It is anticipated that works will begin in 2025 and be completed by the end of 2027.

PROPOSED CONSTRUCTION OF A NEW COUNTRY OFFICE BUILDING IN JUBA

29. The WHO Country Office in Juba is housed in temporary portable office buildings. These temporary structures are approaching the end of their useful life and no longer comply with MOSS requirements.

30. It is proposed to construct a permanent office building to accommodate the 140 local and international staff to enable local programme delivery. The new building will be located on land provided within the United Nations Mission in South Sudan (UNMISS) compound.

31. The WHO Capital Investment Master Plan Arbitration and Validation Panel assessed the proposed project according to its established validation methodology based on objective indicators. The Panel provisionally approved the construction of a new country office in Juba at an estimated cost of US\$ 3.8 million, financed from the real estate component of the Infrastructure Fund and included in the updated cash flow projections described in Table 2 above. This cost has been included in the global capital master plan, pending approval by the Health Assembly.

32. It is anticipated that works will begin in 2025 and be completed by the end of 2027.

ACTION BY THE HEALTH ASSEMBLY

33. The Health Assembly is invited to note the report and to consider the following draft decision:

The Seventy-seventh World Health Assembly, having considered the report on the Infrastructure Fund,¹

Decided to approve the use of the real estate component of the Infrastructure Fund for the reconstruction of the WHO Country Office in Kabul and the construction of a new WHO country office in Juba.

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¹ Document A77/29.