

ANNEX V

MAIN POINTS OF THE STATEMENT MADE BY THE SECRETARIAT
ON THE NEW CONSTRUCTION PROJECT

1. In presenting its progress report on the project (contained in document WO/PBC/10/4) since the previous session of the Committee, the Secretariat highlighted the following main points.
2. As the Audit Committee had recommended, at its first meeting, an update of the estimated cost of the project, the Secretariat had invited the External Auditor to carry out this audit. The External Auditor had just informed the Secretariat that he would be prepared to do so but would need to engage the services of experts for this particular task. It was understood that the cost of such experts would have to be borne by WIPO.
3. In connection with the new timetable (see document WO/PBC/10/4, Annex II), the Secretariat wished to draw the attention of the Committee to additional delays in the process, mainly due to the postponement of the first session of the Selection Board (six-month delay) and to the successive rather than concurrent selection processes for the Pilot and the General Contractor (five-month delay). As recommended by the Audit Committee at its first meeting, the selection process for the General Contractor would not start until the Pilot had taken up its functions and been able to participate in the selection of the criteria for the General Contractor. The construction work would therefore start in February 2008 and end in April 2010. Budgetary consequences would include a shift of a heavier financial burden from the current biennium (2006/07) to the following two biennia (2008/09 and 2010/11), in particular because WIPO would have to continue to rent premises for more time than originally planned.
4. The Secretariat emphasized that it had indeed taken due account of the recommendations of the Audit Committee on all matters relating to the project, as the latter could expect, and it had amended the Selection Board Rules as requested.
5. At its first session, held on June 14, 2006, under the presidency of H.E. Ambassador Enrique Manalo, Chair of the WIPO General Assembly, the Selection Board had unanimously selected eleven companies out of the nineteen that had expressed an interest for the role of Pilot. The Secretariat intended to send the Request for Proposal to those eleven companies as soon as possible after the respective sessions of the Audit Committee and of this Committee, so as to ensure that any observations made by these Committees would be duly taken into account in finalizing the documentation that was being prepared. On that basis, it was expected that the next session of the Selection Board could be convened in October 2006 for the final selection of the Pilot.
6. In connection with the second meeting of the Audit Committee, held from July 5 to 7, 2006, the Secretariat had presented a revised Charter which took into account (see document WO/PBC/10/4, paragraphs 8 to 14) the detailed and useful recommendations made by the Audit Committee.
7. The Secretariat wished to note that the Audit Committee had considered that the revised Charter had indeed taken into account the observations made by it at its first meeting. This related, in particular, to the following points: the revised Charter was now a more formal

document, with a numbering system, enabling identification of future versions since it would have to be revised to take due account of the manner in which the Pilot will operate. It described the respective functions of the various bodies, committees and other entities involved in the project. It included a new Flow Diagram illustrating, with different codes, reporting lines as well as lines of communication and exchange and lines of advice. The essential role of the Pilot (formerly referred to as the “External Management Firm” or “External Management Entity”) was reflected throughout the Charter and, in particular, in the Terms of Reference as contained in Annex VII of the Charter. The Pilot will manage and execute the project on behalf of WIPO, it will represent WIPO throughout the project and ensure compliance with the stipulated budgetary, cost, quality and deadline requirements.

8. The Audit Committee made observations neither on the new WIPO procurement and purchase general principles (as contained in a WIPO Office Instruction, the text of which is set out in Annex XI of the revised Charter), nor on the draft Procurement Manual (copies of which were made available to the Audit Committee) insofar as they relate to the new construction project. The extensive revision of these principles, with a view to being in line with best practices at the UN level and in other organizations as well as Member States, had represented a major undertaking by a number of staff of the Secretariat. The Audit Committee had only recommended, in its report, that the future contract include a bank guarantee and a performance bond. In that regard, the Secretariat noted that it was crucial for it that such provisions be included in the contract with the General Contractor. Furthermore, it recalled that, for the original construction project, it was precisely because of the failure of the consortium to comply with such provisions that WIPO had been obliged to terminate the contract.

9. The Audit Committee also recommended that the new Timetable included in Annex II of the Charter show the dates of the respective sessions of the Audit Committee, the Program and Budget Committee and the WIPO Assemblies, which the Secretariat will endeavor to do.

10. The Secretariat was pleased to note that the Audit Committee had concluded that the Secretariat should continue with the project while continuing to present progress reports at future sessions of the Audit Committee and the Program and Budget Committee.

[End of Annex V and of document]