

## Program and Budget Committee

### Nineteenth Session Geneva, September 10 to 14, 2012

#### PROGRESS REPORT ON THE NEW CONFERENCE HALL PROJECT

*prepared by the Secretariat*

1. The purpose of this document is to present to the Program and Budget Committee (“the PBC”) a progress report on the New Conference Hall Project (“the Project”) covering the period since the previous report (document WO/PBC/18/10) was presented to it, on the occasion of its eighteenth session held from September 12 to 16, 2011.
2. It is recalled that the Project includes the conference hall *per se*, the access center to the WIPO Campus (serving as the main entrance, security check and registration of delegates and visitors) and modifications to three levels of the AB Building.

#### STATUS OF THE CONSTRUCTION PHASE

3. It is recalled that the contract with the General Contractor was signed on May 30, 2011; the construction site opened mid-August 2011 and is expected to last until end April 2013. Excavation and main structural works have been ongoing since last summer. In January 2012, demolition works started in the AB Building on major parts of three levels (first underground, ground floor and first floor). Due to extremely cold temperatures in February 2012, the worksite—similarly to others in the Geneva area—had to be closed for about two weeks. Installation of the wood structure of the new hall is expected to start towards the end of May 2012.
4. Construction of the future access center and enlargement of the AB Building lobby will require that the worksite be expanded on the forecourt as from June 2012, which will necessitate the shifting of the entrance to the lobby of the AB Building from the Chemin des Colombettes to the AB Building terrace on the park side. This provisional access will be effective until spring 2013.

5. Two incidents relating to the worksite were to be reported. On September 26, 2011, excavation works caused a flooding in basement levels of the AB Building without any need to evacuate the premises or to interrupt WIPO's operations. On October 27, 2011, excavation works caused a fire in the transformer vault room located in the basement of the AB Building and the property of the Geneva electricity supplier. This incident caused an interruption to the power supply and the propagation of smoke leading to the evacuation of several buildings (and suspension of meetings of one WIPO Committee). Parallel procedures were put in place to ensure that the availability of WIPO's registration systems remained unaffected by the incident. A crisis management group oversaw the incident until the return to normal operations of all WIPO activities in the evening of Sunday October 30, 2011.

#### UTILIZATION OF THE APPROVED BUDGET AND CONTINGENCY PROVISION

6. There has been no change to the budgetary situation as presented to the PBC and as approved by the Assemblies of the Member States of WIPO at their respective previous sessions and in 2011 (documents WO/PBC/14/10, WO/PBC/18/10, A/47/12, A/47/16, A/49/12, A/49/16 and A/49/18 (report)):

- (i) initial budget for architectural studies amounting to 4.2 million Swiss francs, as approved in 2008;
- (ii) basic construction budget amounting to 60 million Swiss francs, as approved in 2009;
- (iii) additional amount of 4.5 million Swiss francs—remaining unspent and uncommitted from the approved funds for the New Construction Project—authorized, in October 2011, to be utilized only to the extent necessary to complete the New Conference Hall Project without compromising the required quality and functionalities commensurate with the combined future capacity of the new hall and the AB Building; and
- (iv) “Contingency Provision for Miscellaneous and Unforeseen” amounting to 4 million Swiss francs, as approved in 2009.

7. As anticipated, and in order to reduce the impact on the regular budget, no drawdown on the approved commercial loan (for an amount of 40 million Swiss francs) has been made or is planned to be made during the current biennium 2012-13.

8. In respect of the utilization of the approved budget, as at the end of the first quarter of 2012, around 64.6 million Swiss francs (or around 94%) have been spent or committed, leaving around 4.1 million Swiss francs unspent and uncommitted (or around 6%). The “Contingency Provision for Miscellaneous and Unforeseen” remains untouched, noting that the Secretariat would observe the same rule in terms of utilization as it did in respect of the New Construction Project, in accordance with the express definition given by the External Auditor in that context.\*

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\* It is recalled that, in respect of his audit on the New Construction Project, the External Auditor gave in 2008 a definition of the items which can be charged to the Contingency Provision for Miscellaneous and Unforeseen. The complete text of the recommendation concerned reads as follows: “Recommendation No. 4: To include a reserve for miscellaneous and unforeseen in the financial envelope for the project in order not to compromise decision making which is essential to the progress of the project. This reserve is to be used only to meet possible unforeseen construction or market expenses, technical modifications or additions necessary during the execution phase, which were unforeseeable during the project stage and inaccuracies or omissions in the terms of reference leading to additional work.” (See document A/43/INF/6, Annex, paragraph 46).

9. As had been indicated to the PBC at its last session, due to the significantly higher than estimated price offered for the access center component of the Project, the latter was included in the contract with the General Contractor as an option to be exercised until March 31, 2012, either as originally described or as revised. After re-examination of the matter by the Secretariat, the Architect, the Pilot and other specialists, a revised version, significantly less expensive, was agreed by the deadline, maintaining all the original functionalities albeit with a reduced aesthetic complexity. The revised expected total construction cost of the access center would now be reduced to 3.6 million Swiss francs (that is, a reduction of 1.1 million Swiss francs compared to the original price quoted by the General Contractor which amounted to 4.7 million Swiss francs). As a consequence, the amount to be taken from the additional approved budget of 4.5 million Swiss francs would be limited to 1.8 million Swiss francs, while the remaining 1.8 million Swiss francs would be taken from the UN H-MOSS Safety and Security Upgrading Project as provided for under that Project (document WO/PBC/19/15).

#### CONTROL AND AUDIT

10. The New Conference Hall Project continued to be the subject of regular audits by the External Auditor (document WO/PBC/19/18) and the Internal Audit and Oversight Division, and of oversight on an ongoing basis by the Independent Advisory Oversight Committee.

*11. The Program and Budget Committee is invited to recommend to the Assemblies of the Member States of WIPO and of the Unions administered by it, each as far as it is concerned, to take note of the contents of this document.*

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