

WIPO



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PROGRAM AND BUDGET COMMITTEE

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PREMISES: THE NEW CONSTRUCTION

Document prepared by the Secretariat

I. INTRODUCTION

1. At its twenty-third (10th extraordinary) session held in September 1998, the General Assembly approved:

(a) the construction of a new office building on the new lot, with at least 500 working places, and with the characteristics and facilities described in paragraphs 8 to 11 of document WO/GA/23/5 (including underground parking spaces (some 300));

(b) the construction of a new main conference room with a 600 seating capacity, to be constructed on WIPO's present land and integrated with the structure of WIPO's main building, as described in paragraphs 23, 24, 25, 29 and 30 of document WO/GA/23/5;

(c) the addition of parking spaces (some 280) as an extension of the present parking facilities under the main WIPO building, as described in paragraph 35 of document WO/GA/23/5;

(d) the undertaking of a new international architectural competition for the said office building on the new lot, for the said main conference room on the existing WIPO lot and for the said additional parking, as described in document WO/GA/23/5;

(e) the allocation from the Special Reserve Fund for Additional Premises and Computerization of the maximum amount of 82.5 million Swiss francs (Sfr) for the execution of the aforementioned projects, it being understood that no additional expenditure on the projects over that amount could be undertaken without prior authorization from the Budget and Premises Committees and the General Assembly (paragraph 34 of documents WO/BC/20/3-WO/PC/10/3 and paragraph 30 of document WO/GA/23/7).

2. Recognizing that precise cost estimates could only be made following the international architectural competition, the Secretariat made preliminary cost estimates for purposes of establishing and earmarking an indicative budget in July 1998 (see paragraph 51 of document WO/GA/23/5), giving the preliminary allocation of the above-mentioned Sfr82.5, as shown in Table 1.

Table 1: Preliminary cost estimates in July 1998 (in Swiss francs)

Items	Cost estimates (in millions)
International architectural competition (for new office building, new main conference room and additional parking)	1.5
Development of detailed building specifications (for new office building, new main conference room and additional parking)	2.0
Construction of new office building and its connection	51.0
Furniture and equipment for new office building	5.0
Construction of new main conference room	15.0
Construction of additional parking	8.0
Total	82.5

II. PROGRESS ON NEW CONSTRUCTION UP TO JUNE 2001

3. An International Jury was appointed in June 1999, made up of 15 permanent members and three substitutes (including a number of eminent architects, senior government officials and legal experts from five different continents).

4. In July 1999, supported by a team of technical experts from Geneva, the International Jury approved the documentation to be sent to prospective candidates. That documentation provided background information regarding WIPO and the site for the three construction elements and the indicative budget allocated for them. It also contained a list of modern facilities that should be installed in the new building in order to reflect the plan described in document WO/GA/23/5, which characterize the new building as an "intelligent" and operational one, incorporating the latest IT and building technologies, to be environmentally adaptable and energy-efficient. Table 2 shows some examples of the facilities mentioned in the documentation.

Table 2: Selected large facilities of the new office building

Facilities	Space (m ²)
An underground parking space for trucks*	2,300
An underground floor for storage	2,000
An underground space for unloading*	1,920
Multipurpose hall*	700
IT training room*	600
Library and a reading room*	500
Staff welfare facilities*	400
Information center and storage space*	320
Medical Unit*	300

* These facilities were not mentioned in document WO/GA/23/5 but were subsequently included in the competition documentation that the International Jury approved.

5. Some 800 architectural firms from 62 countries had expressed interest in the competition, and 186 proposals were pre-qualified for the second stage of thorough examination. Following this stage, formal proposals were made by 27 qualified participants. The Jury subsequently awarded the first prize to the German firm of Behnisch, Behnisch & Partner (“BB&P”) in March 2000.

6. The Jury chose the overall concept proposed by BB&P, which was to achieve architectural harmony with the new building’s surroundings, such that “the building is inserted into its site in a way that harmonizes with the existing landscape and brings the outside in.” In their submission to the Jury, BB&P emphasized the integration of the surrounding landscape into the design that would make users of the building perceive it not so much as a fixed structure, but rather, a three-dimensional, open-spatial structure, which can be “filled” according to changing requirements.

7. The winning design calls for integration of the new office building with the surrounding environment. As shown in a few perspective views of the building in Annex A to this document, the concept translates into the provision of more natural light and space inside the building, relative to, for example, the concept used for the existing WIPO (Arpad Bogsch) building. This accounts for the larger building volume requirement. The Secretariat estimates that BB&P’s project would need a volume of 220,000 m³ to realize the design concept of the architect. The environmental harmony between the building and its environment embodied in the BB&P concept was the basis for the Jury’s decision. In keeping with that decision, the integrity of the architectural concept should be preserved as far as practicably possible during the execution of the building project, and the necessary resources for successful project implementation should be made available as and when required.

8. Following the selection of the winning architect in March 2000, a contractual arrangement was concluded with BB&P in August 2000, allowing it to begin preparing the more detailed design specifications of the new construction. In December 2000, the project implementation concept was agreed with BB&P, including the selection of local

representatives. To reinforce the management of the new construction, in January 2001, the Director General set up an internal committee, the Building Projects Oversight Committee, in order to assist him in the overall management of the building projects. In April 2001, together with BB&P, the Secretariat selected seven engineering firms through a tendering process. They will assist the Secretariat and BB&P in preparing project specifications in the areas of electricity, air conditioning, ventilation installations and civil engineering to seek the authorization of the Geneva authority. In May 2001, an experienced professional architect was appointed as technical project manager of the new construction. In June, a first meeting with all engineering firms, BB&P, the technical project manager and the managing team of the Secretariat was held to agree on working methods. As of May 2001, total expenditure amounted to Sfr1,901,000. This includes Sfr1,437,000 for the architectural competition and Sfr464,000 for the work of BB&P.

III. ESTIMATION OF PROJECT COST FOLLOWING SELECTION OF WINNING DESIGN

9. It is understood that the preliminary indicative budget developed in July 1998 turned out to be insufficient, if the winning design is to be used for the new construction. The winning design, selected after the budget was approved, is based on a building volume of 220,000 m³ and associated interior and exterior finishings in keeping with the design concept. Based on the requirements of the winning design, the comparative actual costs of recent office buildings of UN organizations in the Geneva area, and preliminary estimates that the Secretariat made on the basis of relevant information provided by BB&P, the Secretariat prepared a revision of the initial budget estimate for the new construction as indicated in Table 3. This includes the full cost of the architectural competition of Sfr1.5 million which has been implemented and the cost of preparatory work of Sfr12 million, covering preparation and clearing of the construction site, demolition of existing installations, excavation of basement levels and installation of basic infrastructure on the site. The construction costs for the office building, the conference room and parking facilities could be re-estimated, utilizing Sfr700/m³, which is the current construction cost in Geneva of an office building equipped with appropriate facilities. Accordingly, the construction cost would amount to Sfr154 million (220,000 m³ x 700 Sfr/m³). In addition, cost for exterior finishing is estimated at Sfr3 million and the basic furniture at Sfr4.5 million. This would result in a total cost for the new construction of Sfr180 million.

Table 3: Revised budget estimate of the WIPO new construction based on winning design
(prepared by the Secretariat)

Items	Cost in Sfr millions
Architectural competition	1.5
Preparatory work	12
Construction	154
Exterior finishing	3
Basic furniture	4.5
Taxes, permits, site security, insurance, etc.	5
Total	180

10. The revised budget estimate above is understood to remain an indicative figure, and it is expected to be confirmed following the preparation of final and precise cost estimates by BB&P in consultation with the general contractor to be selected through the international bidding exercise mentioned in this document under Section VI, paragraph 28.

11. Recent comparative data on new office building construction are shown in Table 4 for the ITU, the WMO and the WIPO owned ex-WMO building. This is compared with the requirements of the winning concept and the revised budget outlined in Table 3.

Table 4: Comparison of the costs and features of selected UN buildings in Geneva with winning design of new construction and related revised budget

Items/buildings	WMO	ITU	WIPO (ex-WMO)	WIPO (new construction)
Building volume	143,000 m ³	63,000 m ³	56,000 m ³	220,000 m ³
Building size	39,628 m ²	17,138 m ²	18,670 m ²	56,300 m ²
Working places	560	100	450	500
Conference room capacity	260	320 (divisible)	None	600 (450+150) (divisible)
Parking	400	113	144	580 (300+280)
Completion time	March 1999	September 1999	January 2003	2005
Cost (in Sfr million)	102	46	59	175.5*
Cost per m ³ (in Sfr)	713	730	1053	798
Cost per m ² (in Sfr)	2574	2684	3160	3117

* This figure excludes the cost for basic furniture (see Table 3) to compare the cost for the new WIPO building with the unit cost of other buildings on the same basis.

12. The comparison indicates that the revised budget based on the winning concept is in line with recent experience in the construction of United Nations buildings in Geneva. The cost per m³ of those buildings and the new construction is in the range of Sfr700/m³. Calculations on the basis of the initially approved budget of Sfr82.5 million (Sfr77.5 million after budget provision for furniture) would indicate a cost of Sfr352/m³ only. Clearly, this estimate is unrealistic in comparison to the other building projects.

13. Moreover, the initially approved budget for the new construction did not provide for annual increases in construction cost. Whereas the rate of increase was negligible during the second half of the 1980s, the rate has increased considerably during recent years. According to the Geneva Office Cantonal de la Statistique, average annual cost increases of 4 per cent have been recorded for construction cost in Geneva from 1997 (index 96.0) to 2000 (index 107.1).

IV. PROJECT AND BUDGET OPTIONS

14. The winning design concept for the new construction cannot be realized within the approved budget. The required budget increase is of a magnitude that justifies a reconsideration of the project and budget concept. This is of particular importance at the current juncture of project implementation as the tender documents for the selection of a general contractor are anticipated to be released later this year. The detailed project design and concept reflected in the tender documents will have to specify components of the building and the range of project budget that is likely to be required.

15. The Secretariat studied various options and their budgetary implications as shown in Table 5.

Table 5: Various options and cost estimate of the WIPO new office building
(prepared by the Secretariat)

Option	Design	Work places	Conf. room (seats)	Under-ground parking and additional parking	Volume (m ³)	Size (m ²)	Technical facilities, public space etc.	Total cost estimate (million Sfr)
A	BB&P's Original	*500	*600	*580 (300+280)	220,000	56,300	Complete	180
B	Modified	*500	450	*580 (300+280)	210,000	55,000	Incomplete	170
C	Modified	*500	0	*580 (300+280)	150,000	45,500	Incomplete	140
D	Different from the winning design	350-400	0	450 (200+250)	85,000	25,000	Inadequate	82.5 (approved budget)

* Figures approved by the General Assembly of WIPO

V. CONSIDERATION OF OPTIONS

Working and Parking Places

16. The new construction provides facilities ranging from 500 office spaces and 580 parking spaces under Options A, B and C to 350 office spaces and 450 parking spaces under Option D. Pursuant to the Geneva Regulations, it is obligatory to provide adequate parking places when a new office building of the planned size is to be built. For the new construction, the cost per office space and associated parking facility is in the range of Sfr280,000 (see figures of Option C in Table 5). As indicated in the premises plan shown in document WP/PBC/4/2, WIPO is in need of office facilities. WIPO also suffers considerable shortage of parking which causes serious inconvenience to delegates, staff members and

visitors to WIPO. To satisfy recent demand, additional office facilities have been rented at an annual cost of Sfr20,000 per office space and associated parking place.

17. Building and owning facilities are considered most cost effective when compared to the cost of renting. A simple comparison demonstrates that renting is indeed approximately twice as expensive in the long run. This is indicated in a calculation of the net present value for both alternatives. Renting office facilities is clearly less attractive. Consequently, Options A, B and C are considered most cost-effective since they provide maximum WIPO-owned office spaces.

Conference Room

18. As from 1991, WIPO experienced problems in providing facilities for major meetings. As Room A has a maximum capacity of 261 seats, major meetings have to be hosted in other Geneva facilities. Not only does recourse to outside facilities have a number of disadvantages, it is also becoming increasingly difficult to secure such facilities. With regard to reserving facilities at the Geneva International Conference Center (CICG), it was possible to secure the last week of September 2002 for the WIPO Assemblies as far back as in 1999 (reservation made three years in advance). It was not possible to secure a firm reservation for end-September 2003 (with four years' lead-time).

19. For the three most recent diplomatic conferences, dates were set a year or less in advance. With that amount of lead time, it was not possible to secure the facilities WIPO would have required. For example, for the Hague Diplomatic Conference, WIPO was able to obtain only one conference room at the CICG. For the Diplomatic Conference to conclude the Patent Law Treaty, it was only possible to secure a 10-day reservation at the CICG. This resulted in the conference having to be moved back to the WIPO headquarters building for the second half, not only was a great deal of staff time required to carry out the move, but this also blocked other conference activities. On two recent occasions, the WIPO Conference Service submitted requests to the CICG for rooms for this autumn (five months' lead-time), and was informed that the facilities there were already fully booked. By way of illustration, Annex B provides a list of WIPO meetings in Geneva with more than 300 participants.

20. Obviously, Option A would provide an adequate solution to current and anticipated future difficulties in holding large meetings. Options C and D are not advisable.

21. If the size of the conference room were reduced and the changes in the design were minimized, Option B would seem to be a possible compromise solution. The delegations of Member States would have to accept occasional inconvenience as described above, as the majority of WIPO meetings can be accommodated by a 450-seat conference room facility, which is also the average capacity of the conference rooms currently available to most United Nations organizations at Geneva (see Annex C).

Technical Facilities

22. The lack of modern facilities currently being experienced in WIPO limits its capability with regard to the full usage of IT facilities, the public diplomacy function necessary for demystification of the role of intellectual property and empowerment of staff members for the creation of institutional knowledge of the Secretariat. Option A provides for a complete set of modern facilities which would meet the requirements of WIPO, such as the state-of-the-art IT

training room for staff members and participants in WIPO technical assistance programs, the Library (currently located in the building in Chambésy along with the WIPO Worldwide Academy), Information center (the present one is a provisional installation which lacks adequate space and satisfactory facilities) and other standard facilities of modern and intelligent office buildings (see Table 2). Options B and C would include some of those facilities but it would be necessary to remove other facilities. Option D would not include any such facilities.

Architectural Design

23. Option A complies with the current architectural design whereas Options B and C can be implemented through introducing modifications by BB&P. In case Option D is chosen, an alternative architectural design would need to be developed which would mean not only the loss of substantial investments already incurred for architectural and engineering work, but also a further delay in the implementation of the project and an increase in rental costs. In developing the new design, two options would be considered: either to entrust the selected architect BB&P with preparing the alternative architectural design, or to find a new architect by organizing another competition (for the third time). In the latter case, WIPO would expose itself to a potential substantial financial claim by BB&P on the premature termination of the contract WIPO has signed with it. Moreover, this appears the most time consuming approach. A period of about 23 months elapsed between the announcement of the competition and the signing of the contract with the current architects.

Applying New Budget and Funding Policy

24. Options A, B and C imply resource requirements which exceed the approved budget of Sfr82,500,000, whereas Option D complies with the previously approved budget ceiling (see Table 1, above). Option D also complies with the regular budget of WIPO for 2002-2003 as presented in sub-program 18.4 (New construction) of document WO/PBC/4/2.

25. Document WO/PBC/4/2 presents the implementation of a new budget policy as approved by the third session of the Program and Budget Committee. All budget allocations, including those previously approved off-budget such as the new construction, are now presented in a single, integrated document. Should preference be expressed for an option which exceeds the current budget ceiling, a revised budget would be submitted to the Program and Budget Committee and the General Assembly for review and approval. This revision would cover the biennial allocation 2002-2003 as identified in document WO/PBC/4/2, the overall project budget allocations until completion of the project and the premises plan identified in Annex 2 of document WO/PBC/4/2. It is anticipated that any possible budget increase would be apportioned between the 2002-2003 biennium and 2004-2005.

26. The new budget presentation also provides for the integration of the funding arrangement. Among others, this implies the discontinuation of establishing surplus accounts through which the funding of project activities is set aside for future use. Currently, all expenditures, including those previously covered under off-budget projects, are met from biennial income and, if required, transfers from reserves. Short-term increases in biennial funding requirements are met through adjustments in reserves whereby the appropriate level of the reserve is restored through financial management during the medium-term perspective. In accordance with the new funding policy, it is anticipated that additional funding requirements resulting from the options proposed could be implemented without increases in

fees or Member States' contributions. However, accommodating the budget increases will limit the financial flexibility of the Member States in the medium term to introduce reductions in fees and contributions or to launch additional activities. Detailed funding arrangements would be elaborated as part of the revised budget proposals.

VI. DECISION AND IMPLEMENTATION PROCESS

27. As noted above and for the reasons given below, early review of the project concept and its corresponding budget by the Program and Budget Committee, and the approval by the General Assembly thereafter are hereby requested in order not to delay the project implementation, which will inevitably lead to additional costs not only for the project itself but also with respect to rental costs.

28. Should preference be indicated for Option A, B, C, or any related alternative, it would be reflected in the tender documents currently under preparation by the Secretariat. It is the Secretariat's intention to release the tender documents in the fourth quarter of 2001 in order to start the tender exercise, which would result in the identification of a general contractor for the execution of the preferred option. The said tender process is expected to last until the beginning of 2002 when the general contractor is finally selected following evaluation of the results of the bidding. The results obtained from the tender exercise would also enable the Secretariat to work out a detailed and well-justified budget for the preferred option during the first quarter of 2002.

29. On the basis of the outcome of the above process, it is proposed that the Program and Budget Committee meet in the second quarter of 2002 to review the detailed budget on the new construction. Subject to the recommendation by the Program and Budget Committee, an extraordinary session of the Assemblies of the Member States of WIPO would be held to approve the additional budget allocation if necessary. Following their approval, the Secretariat will immediately enter into contractual commitments with the general contractor for the said construction.

30. Should Option D be selected, the Secretariat would embark on the development of a new project design to be submitted to the General Assembly in September 2002, which would be expected to be completed in 2006-2007.

VII. OVERALL ASSESSMENT AND RECOMMENDATIONS BY THE DIRECTOR GENERAL

31. In accordance with the considerations outlined above, the Director General expresses his preference for Option A (design selected by the International Jury) or Option B (smaller conference room). Both options would provide cost-effective facilities and provide important investments in the future of WIPO. Comparing the two options, Option A provides a more adequate solution with regard to the conference facilities as well as other modern facilities needed for WIPO's mission in the 21st century. This long-term strategic consideration of expected merits in the future should be given priority over the short-term saving deriving from the difference in costs between the two options.

32. Option C (No conference room) would provide adequate office space. The implication of not having a new conference room, however, would seriously hamper the work of WIPO as an intergovernmental body, in particular during the coming years. Finally, whereas Option D (adjusting building concept to approved budget), is technically feasible and could be implemented within the approved budget, it is not considered an attractive option. Facilities offered by Option D would be entirely inadequate to cater for the future needs of WIPO. This would imply additional rental costs, and makes Option D the least cost-effective solution.

33. The Committee is invited to consider a course of action proposed in Section VI on the basis of the options proposed in Section IV and to make recommendations to the General Assembly.

[Annex A follows]

ANNEX B

WIPO Meetings in Geneva with more than 300 participants

Title of the meeting	Dates	Participants
Diplomatic Conference on Certain Copyright and Neighboring Rights Questions	12/02/1996 - 12/20/1996	772
International Conference on Electronic Commerce and Intellectual Property	09/14/1999 - 09/16/1999	760
Diplomatic Conference for the Adoption of the Patent Law Treaty	05/11/2000 - 06/02/2000	626
Governing Bodies of WIPO and the Unions Administered by WIPO	09/22/1997 - 10/01/1997	585
Assemblies of the Member States of WIPO	09/20/1999 - 09/29/1999	514
Assemblies of the Member States of WIPO	09/25/2000 - 10/03/2000	510
Diplomatic Conference on the Protection of Audiovisual Performances	12/07/2000 - 12/20/2000	493
Governing Bodies of WIPO and the Unions Administered by WIPO	09/25/1995 - 10/03/1995	478
Assemblies of the Member States of WIPO	09/07/1998 - 09/15/1998	463
Assemblies of the Member States of WIPO	03/25/1998 - 03/27/1998	429
Governing Bodies of WIPO and the Unions Administered by WIPO	09/23/1996 - 10/02/1996	414
Governing Bodies of WIPO and the Unions Administered by WIPO	09/26/1994 - 10/04/1994	408
WIPO Conference on Intellectual Property Questions Relating to the ccTLDs	02/20/2001 - 02/20/2001	402
Diplomatic Conference for the Adoption of a New Act of the Hague Agreement Concerning the International Deposit of Industrial Designs	06/16/1999 - 07/06/1999	384
Governing Bodies of WIPO and the Unions Administered by WIPO	09/20/1993 - 09/29/1993	378
Diplomatic Conference for the Conclusion of the Trademark Law Treaty	10/10/1994 - 10/28/1994	328
Information Meeting on Intellectual Property in Databases	09/17/1997 - 09/19/1997	313
Governing Bodies of WIPO and the Unions Administered by WIPO	09/23/1991 - 10/02/1991	302

[Annex C follows]

ANNEX C

Organizations in Geneva having conference rooms seating 300 or more delegates				
	Total seats	At table	Additional seats	Remarks
UNOG Assembly Hall	1120	560	560	UNOG - has a variety of sizes in meeting rooms the largest being the Assembly Hall with 560 seats for delegates at table and 560 for "advisers."
WTO	581			WTO - their largest room seats a total of 581 delegates, and is divisible into two separate rooms, one seating 300 delegates and the second seating 281 delegates.
ILO	466	395	71	ILO- largest room is the Council Room, with 395 seats for delegates and a further 71 seats in the observer gallery.
WHO	440	36	72 + 208 +124	WHO - largest room is the Executive Board Room, which technically has a maximum capacity of 440 seats. In fact, the layout of the room lends itself to seating for far fewer delegates there are only 36 seats at table, 72 for "advisers," 208 in "periphery," and 124 in an observers' gallery.

Organizations in Geneva having conference rooms holding just under 300 delegates				
ITU	240			ITU - their new room (Room B) seats a total of 240 delegates, and can be divided into two separate rooms seating 120 each.
WMO	260			WMO - new room seats 260 delegates.

NOTE: It is important to note that, with the exception of UNOG, the conference rooms mentioned above are used almost exclusively by the organizations to which they are attached. Organizations generally keep their facilities blocked for their own needs during the peak conference periods in Geneva.

[End of Annex C and of document]