

# WIPO



A/42/13

ORIGINAL: English

DATE: August 21, 2006

**WORLD INTELLECTUAL PROPERTY ORGANIZATION**  
GENEVA

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## **ASSEMBLIES OF THE MEMBER STATES OF WIPO**

### **Forty-Second Series of Meetings Geneva, September 25 to October 3, 2006**

#### **PROGRESS REPORT ON THE NEW CONSTRUCTION PROJECT**

*prepared by the Secretariat*

#### **I. INTRODUCTION**

1. At the forty-first series of meetings of the Assemblies of the Member States of WIPO, held from September 26 to October 5, 2005, the Secretariat presented a memorandum on the management of the new construction project (document A/41/16), following the recommendation by the Program and Budget Committee, at its eighth session held from April 27 to 29, 2005, to re-launch the project. The Assemblies approved the financing of the project by means of a commercial loan and noted the information contained in document A/41/16 (document A/41/17, paragraphs 194(iv) and 194(vii)).
2. The purpose of this document is to provide the Assemblies with a progress report on the project since their last session.
3. The Secretariat presented to the Program and Budget Committee progress reports on the project (orally at the ninth session held in January 2006 and formally (document WO/PBC/10/4) at the tenth session held in July 2006). The Secretariat also presented a formal progress report on the project to the Audit Committee at its second meeting held in July 2006.

4. A number of recommendations were made by the Program and Budget Committee at its session held in January 2006 and the Audit Committee at its meetings held in April and July 2006.

5. The Secretariat has moved forward with the implementation of the project as detailed in the following paragraphs, benefiting to a large extent from the recommendations made by these Committees and by the External Auditor.

6. At its tenth session held in July 2006, the Program and Budget Committee simply took note of the progress report contained in document WO/PBC/10/4 (document WO/PBC/10/5, paragraph 26).

## II. CHARTER FOR THE NEW CONSTRUCTION PROJECT

7. An informal version of a Charter, whose purpose was to specify the mandates and terms of reference of each of the participants in the management of the project, had been prepared and presented to the Program and Budget Committee at its January 2006 session and to the Audit Committee at its first meeting in April 2006. The text was substantially revised following recommendations of the Audit Committee and presented to both Committees at their respective session and meeting in July 2006.

8. The main characteristics of the revised Charter are outlined below.

(a) it emphasizes the key role of the Pilot (previously referred to as the “External Management Firm” or the “External Management Entity”) as managing the project and its execution on behalf of WIPO, ensuring compliance with the stipulated budgetary, cost, quality and deadline requirements, and overseeing and monitoring technical and accounting documentation;

(b) it clarifies responsibilities, accountability and reporting lines for all bodies and committees involved, including an updated representation of the respective roles of the Pilot and of the Audit Committee;

(c) it complies with the new WIPO Procurement and Purchase General Principles, Framework and Procedures and the WIPO Guidelines on the Management of Major Projects.

(d) it contains a new “Flow Diagram” (Annex I of the Charter) and a new “Indicative Timetable” (Annex II of the Charter), both of which aimed at providing a clear high-level graphic representation of the overall conduct of the project and the associated timeframe;

(e) a future version of the Charter will include a detailed chapter on the management of changes and a detailed risk register, both of which have to be completed by the Pilot as soon as it has taken up its functions.

9. The Audit Committee has requested that the “Indicative Timetable” (Annex II of the Charter) be completed with the indication of all the sessions of the Assemblies of the Member States of WIPO, the Program & Budget Committee and the Audit Committee. The Charter will go through future revisions so as to be maintained in synchronization with the advancement of the project.

10. Copies of the Charter have been communicated to the External Auditor and to FIPOI (*Fondation des immeubles pour les organisations internationales*).

11. For the information of the Assemblies, copies of the “Flow Diagram” (Annex I of the Charter) and the “Indicative Timetable” (Annex II of the Charter), as presented to the Program & Budget Committee and Audit Committee in July 2006, are enclosed as Annex I and Annex II, respectively.

### III. COST AUDIT OF THE PROJECT

12. It is recalled that the Assemblies of the Member States at their forty-first session in October 2005 approved an estimated budget amounting to 125.4 million Swiss francs, through their approval of the Proposed Program and Budget for 2006-2007 (documents A/41/4 and A/41/17 (paragraph 194(i))).

13. In view of the time that has elapsed since the cost estimate of the project was made, the Secretariat concurred with the recommendation made by the Audit Committee, at its first meeting, in April 2006, that a cost audit was needed in order to update the estimated cost. The Secretariat has asked FIPOI (*Fondation des immeubles pour les organisations internationales*) whether it would be prepared to carry out the audit, but FIPOI declined due to lack of sufficient personnel. The Secretariat then asked the External Auditor who had, in 2002, carried out a comprehensive evaluation of the project, at the request of the Member States, as well as subsequent interim audits of the project. The External Auditor has replied positively to the request and further discussions with the External Auditor were still ongoing at the date of issuance of this document.

### IV. FIRST SESSION OF THE SELECTION BOARD, PRESELECTION OF THE PILOT

14. The Secretariat had intended to convene the first meeting of the Selection Board in January 2006 to deal with the first preselection process falling under its mandate (the preselection for the Pilot). However, at its January 2006 session, the Program and Budget Committee requested the Secretariat to submit the informal Charter to the Audit Committee for its advice before convening the first meeting of the Selection Board (document WO/PBC/9/5, paragraphs 192 to 209). The first meeting of the Audit Committee was held in April 2006 and it is only after that meeting, and after having attended to a number of recommendations made by the Committee, that the Selection Board was convened.

15. The first session of the Selection Board was held on June 14, 2006. The Board dealt with the preselection of the candidates for the selection of the Pilot and, out of those which had expressed an interest, it selected the companies and firms to which the request for proposal would be sent.

16. The draft of the request for proposal has been communicated to the External Auditor for comments, as had been indicated by the Secretariat (document A/41/16, paragraph 8).

17. At the date of preparing this document, the request for proposal (RFP) inviting the preselected companies to make an offer was about to be finalized and it was expected that the selection by the Selection Board could take place in October 2006.

18. As foreseen by the Selection Board Rules, the Board will receive two separate evaluations on the proposals, one from FIPOI and one from the Secretariat. In addition, in the course of its deliberations expected to take place in October 2006, the Board will be able to seek the advice of the architect, if it so wishes.

#### V. EXPECTING DATE FOR THE START OF CONSTRUCTION

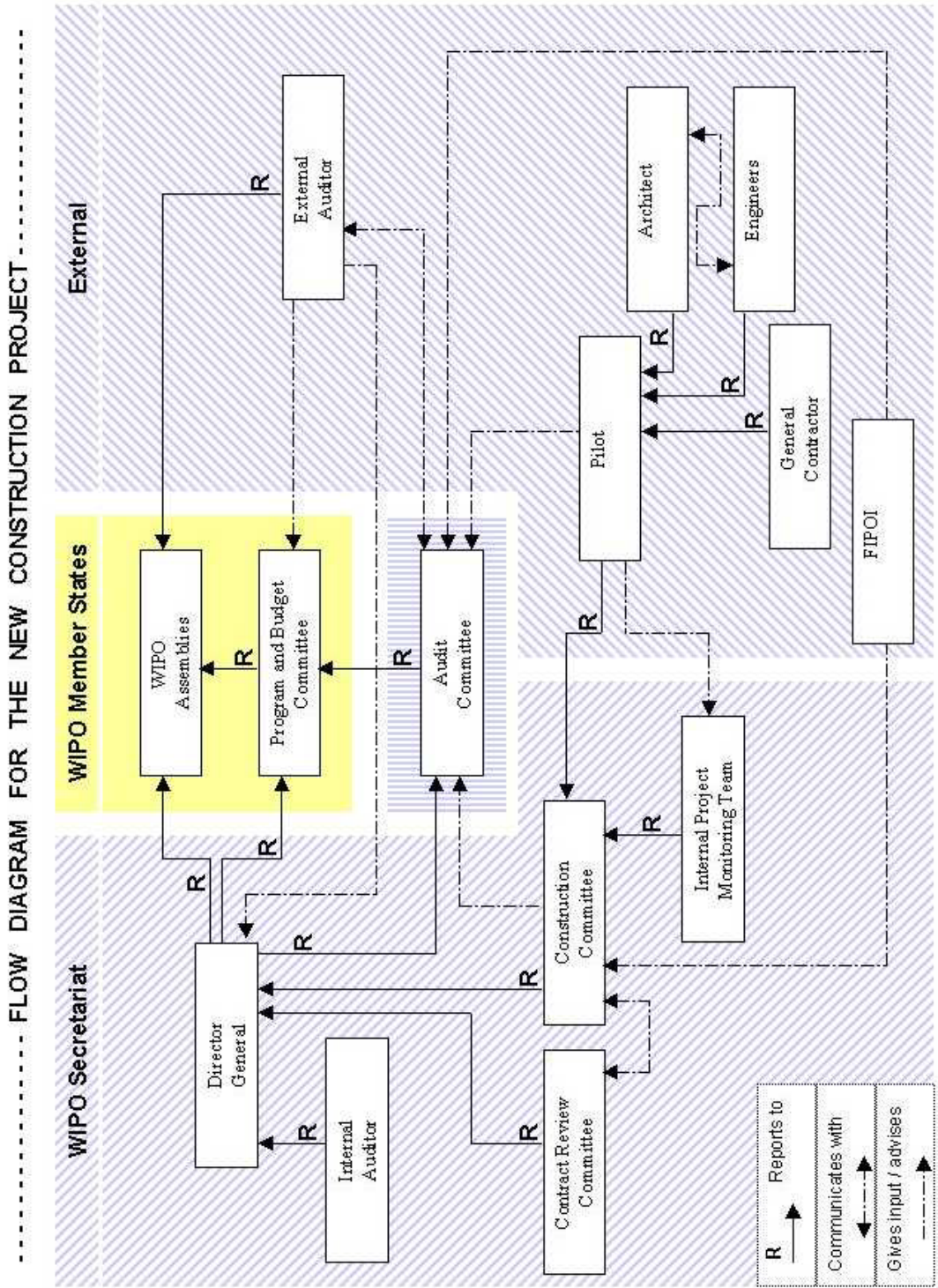
19. The attention of the Assemblies is drawn to the fact that, in view of the request by the Program and Budget Committee to postpone the first session of the Selection Board (in practice from January to June 2006) and the reinforced role of the Pilot with its involvement in the entire process for selection of the General Contractor, the actual construction period would shift from the period "April 2007 to June 2009" to the period "February 2008 to April 2010". Furthermore, as there are still a number of successive and preparatory steps leading to the actual start of construction, the current estimate will have to be re-assessed at the beginning of 2007 and either validated or re-calculated.

#### VI. EFFECT OF THE DELAYED START OF CONSTRUCTION ON CURRENT AND FUTURE BIENNIA

20. The attention of the Assemblies is drawn to the fact that, as a consequence of the new timetable, the cost incurred in respect of the project in the current biennium will be only marginal. On the one hand, this will be reflected in the revised budget of Program 31 (New Construction) for 2006/07 which will be submitted to the Program and Budget Committee in the spring of 2007. On the other hand, the interest rates on the basis of which the cost of the loan was estimated under Program 31 may need to be adjusted. This would be done, as needed, under the draft Program and Budget for 2008/09. It is also noted that, due to the delayed start of construction work, the budget will have to continue to bear the cost of rental of non-WIPO-owned premises beyond the originally estimated date. This will also be reflected as needed in the draft Program and Budgets for 2008/09 and 2010/11.

*21. The Assemblies of the Member States of WIPO and the Unions administered by WIPO are invited to take note of this Progress Report.*

[Annexes follow]



[Annex II follows]

