

WIPO



A/37/2

ORIGINAL:English

DATE:September19,2002

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WORLD INTELLECTUAL PROPERTY ORGANIZATION

GENEVA

ASSEMBLIES OF THE MEMBER STATES OF WIPO

Thirty-Seventh Series of Meetings Geneva, September 23 to October 1, 2002

REVISED PROJECT BUDGET FOR THE NEW CONSTRUCTION AND REVISED
PROGRAM AND BUDGET FOR 2002-2003

Memorandum by the Director General

1. The Program and Budget Committee, at its fifth session held from September 9 to 11, 2002, discussed the proposals on the Revised Project Budget for the New Construction and Revised Program and Budget for 2002-2003. Proposals are contained in document WO/PBC/5/2 which is attached to this document. The views of the Member States represented at the Committee on these proposals are annexed to document A/37/9.

2. Taking into consideration the recommendations of the External Auditors in its Evaluation Report (see document A/37/10) which provides a solid basis to fulfil the mandate given by the Assemblies at their 36th session in September 2001 (see document A/36/15), as well as a useful foundation for taking a timely decision at their 37th session, the Program and Budget Committee decided to recommend to the Assemblies of the Member States of WIPO:

“(i) to approve:

(a) the construction of an administrative building as proposed in document WO/PBC/5/2, modified to maximize the number of working places, as well as to optimize the technical design in accordance with recommendations to achieve cost savings and efficiency gains;

(b) the appointment, in accordance with WIPO procurement procedures, of an external consultancy firm to participate in project management;

(c) the further study by the International Bureau with a view to providing for additional parking spaces and necessary consultations with Geneva authorities;

(d) the entrusting of the Program and Budget Committee with overseeing the construction project, in particular with regard to the finalization of the technical design, receiving regular reports from the International Bureau, and the establishment of a consultation process, within the framework of the Program and Budget Committee, between interested delegations and the Secretariat in order to validate financial projections and underlying assumptions;

“(ii) to take note of the International Bureau’s assurance that the implementation of the construction project will not affect the resources available for programs in the framework of Cooperation for Development (Part III of the Program and Budget) or other priority activities of the Organization.

“(iii) to take a decision on the proposal (document WO/PBC/5/2) to construct a conference room, on which the Program and Budget Committee was near consensus in favor, taking into account the need to coordinate with UNOG in order to maximize the utilization of conference facilities.”

3. The Assemblies of the Member States of WIPO, and the Unions administered by WIPO, each as far as it is concerned, are invited to take note of the contents of this document and its attachments, and to decide on the recommendations above.

[Attachment follows]

ATTACHMENT

I. SUMMARY

1. At the 36th session of the meetings of the Assemblies of the Member States of WIPO in September 2001, the General Assembly approved the recommendations concerning the new construction (see paragraph 155 of document A/36/15) and the General Assembly requested the Federal Audit Office of the Swiss Confederation (hereinafter referred to as the “Federal Audit Office”) to conduct an evaluation of the project of the construction of a new building. It also requested the Secretariat to proceed with administrative and planning arrangements for the said construction project, on the condition that they should not foreclose any option that might emerge from the evaluation. g.

2. The evaluation report of the Federal Audit Office (hereinafter referred to as the “evaluation report”) was received by WIPO on June 24, 2002 and reproduced in document WO/PBC/5/3, which will also be made available to the General Assembly in September 2002.

3. The evaluation report covers a review of project concepts under consideration, including the approved initial estimates of Sfr 82,500,000 contained in document WO/GA/23/5 issued in July 1998 and updated estimates of Sfr 180,000,000 contained in document WO/PBC/4/3 issued in July 2001. A number of estimates, options and recommendations with regard to the planning and budgeting of the new construction project are elaborated in the evaluation report.

4. In order to facilitate consideration of the evaluation report and the new construction project by Member States, the Secretariat, pending the assessment of the evaluation report by the General Assembly, presents a revised project budget for the new construction (see Section II below) and a revised program and budget 2002 -2003 (see Section III below) in this memorandum for review by the Program and Budget Committee and the possible follow-up decisions by the Assemblies of Member States of WIPO, as appropriate. In addition, Annex I of this memorandum includes an overview of the conclusions of the evaluation report.

5. The revised project budget basically follows the recommendations and suggestions included in the evaluation report of the Federal Audit Office. This includes the construction of an administrative building with 560 workplaces and 280 underground parking spaces as well as a conference hall providing for 650 seats. The total project budget is estimated at Sfr 190,500,000, including Sfr 157,500,000 for the administrative building and Sfr 33,000,000 for the conference hall. Table 1 provides a summary of the revised estimates in comparison with the estimates contained in the evaluation report, the updated proposals of July 2001 and the approved initial estimates of July 1998. on

**Table 1. New Construction Project
Summary of Revised Estimates and Previous Concepts**

<i>Parameters – Unit of Measure</i>	<i>Initial Estimate July 1998 (WO/GA/23/5)</i>	<i>Updated Estimate July 2001 (WO/PBC/4/3)</i>	<i>Audit Estimate July 2002 (WO/PBC/5/3)</i>	<i>Revised Proposal July 2002 (WO/PBC/5/2)</i>
A. Budget (in million of Swiss francs)				
Administrative building	66.0	150.0	157.5	157.5
Conference hall	16.5	30.0	33.0	33.0
Total, A	82.5	180.0	190.5	190.5
B. Building Capacity				
Administrative building – workplaces	500	500	560	560
Conference hall – seats	600	600	650	650
Underground parking – spaces	300	300	280	280
Additional storage/parking – spaces	280	280	-	-
Cafeteria – seats	300	300	300	300

6. The revised project budget of Sfr 190,500,000 is presented in the context of a financial plan for the period up to 2008 – 2009, as indicated in table 2. The new construction will be completed in 2007 and the biennial budget allocations are indicated accordingly. Additional information is provided on the overall budget requirements of WIPO, available funding and resulting fluctuation in the reserves. As elaborated in detail in Section IV of the document, WIPO budgetary requirements will be funded from a combination of projected income stream and available reserves. On the basis of this funding approach, it is anticipated that the reserve level will be below the recommended target for the 2004 – 2005 biennium. With the completion of automation and building projects, the organization will increase considerably the efficiency of the infrastructure. As a result, surplus resources will become available to replenish the reserves and provide new flexibility to increase program activities and/or reduce the level of fees and government contributions thereafter. Table 2 also indicates a revision of the approved program and budget for the 2002 – 2003 biennium as contained in document WO/PBC/4/2. The approved budget allocation for Sub-program 18.4 (New construction) amounts to Sfr 52,338,000. Following the conclusion of the audit and the revision of the project plan, activities for the new construction have been rescheduled. As a result, it is proposed to reduce the approved budget by Sfr 2,514,000 to Sfr 49,824,000. Details in the changes of the allocation for the current 2002 – 2003 biennium are provided below in Section III of the document.

Table 2. New Construction Project
Revised Estimates and Key Financial Indicators to 2008-2009
(in thousands of Swiss francs)

	Actual		Budget			Estimate		
	1998-1999	2000-2001	Approved	Difference	Proposed	2004-2005	2006-2007	2008-2009
			2002-2003		2002-2003			
1. New Construction Project	--	4,648	52,338	(2,514)	49,824	80,128	55,900	--
2. Other Expenditure/Budget	445,232	553,697	626,062	--	626,062	589,887	619,551	673,280
3. Total, 1 and 2	445,232	558,345	678,400	(2,514)	675,886	670,015	675,451	673,280
4. Income	426,834	520,759	531,782	16,522	548,304	620,046	711,853	804,605
5. Reserves (End Biennium)	302,011	264,425	117,807	19,036	136,843	86,874	123,276	254,601
6. Reserves Target (End Biennium)	80,142	100,502	122,112	(453)	121,659	120,603	121,581	121,190

7. As indicated in table 3, the WIPO-owned facilities, including the new construction, will provide 1,570 working spaces as from 2007 onwards. In addition, 255 workplaces are expected to be rented. In the case of parking spaces, approximately 60 per cent of requirements would be met by WIPO-owned facilities. As noted in the evaluation report, the new construction is an essential component of the WIPO premises plan and the mix between WIPO-owned and rented facilities provides the necessary flexibility to respond to fluctuation in requirements in an efficient manner. Details on the WIPO premises plan are elaborated in Annex II.

Table 3. Summary of Workplaces and Parking Spaces up to 2008-2009

	2000-2001	2002-2003	2004-2005	2006-2007	2008-2009
A. Workplaces					
1. Owned	560	560	1,010	1,570	1,570
2. Rented	894	1,044	560	255	255
Total, A	1,454	1,604	1,570	1,825	1,825
B. Parking Spaces					
1. Owned	239	239	354	699	699
2. Rented	816	911	614	407	407
Total, B	1,055	1,150	968	1,106	1,106

II. REVISED PROJECT BUDGET FOR NEW CONSTRUCTION

8. TherevisedprojectbudgetfortheneconstructionamountstoSfr190,500,000and includesanadministrativebuildingbudgetedatSfr157,500,000andaconferencehallat Sfr33,000,000. Table4 indicatesdetailedestimatesfortherevisednewconstructionproject. Thisisdoincomparisowithestimatescontainedintheevaluationreport(WO/PBC/5/3), theupdatedestimatesofJuly2001(WO/PBC/4/3)andtheapprovedinitialestimatesof July 1998(WO/GA/23/5).

**Table4. New Construction Project
Detailed Revised Proposal and Previous Estimates**

Parameters -UnitofMeasure	<i>Initial Estimate July1998 (WO/GA/23/5)</i>	<i>Updated Estimate July2001 (WO/PBC/4/3)</i>	<i>Audit Estimate July2002 (WO/PBC/5/3)</i>	<i>Revised Proposal July2002 (WO/PBC/5/2)</i>
A. Budget(inmillionofSwissfrancs)				
Administrativebuilding	66.0	150.0	157.5	157.5
Conferencehall	16.5	30.0	33.0	33.0
Total,A	82.5	180.0	190.5	190.5
B. BuildingCapacity				
Administrativebuilding –workplaces	500	500	560	560
Conferencehall –seats	600	600	650	650
Undergroundparking –spaces	300	300	280	280
Additionalstorage/parking –spaces	280	280	--	--
Cafeteria –seats	300	300	300	300
C. AverageCost(inSwissfrancs)				
Costpervolume(m ³)	750	818	961	961
Costperarea(m ²)	2,946	3,197	4,49	3 4,493
Costperworkplace ofadministrativebuilding	132,000	300,000	281,250	281,250
D. Dimension				
Buildingvolume(m ³)	110,000.0	220,000.0	198,300.0	1 98,300.0
Buildinggrossfloorsize(m ²)	28,000.0	56,300.0	42,400.0	42,400.0
Volumeperworkplace(m ³) ofadministrativebuilding	--	350.0	317.5	317.5
Grossfloorsizeperworkplace(m ²) ofadministrativebuilding	--	88.6	67.9	67.9
Averageareaperseatinconferencehall(m ²)	--	2.0	1.6	1.6
E. BudgetScope				
Administrativebuilding	Yes	Yes	Yes	Yes
Conferencehall	Yes	Yes	Yes	Yes
Additionalstorage/parking	Yes	Yes	No	No
Architecturalcompetition	Yes	Yes	No	No
Furniture	Yes	Yes	Yes	Yes
F. Technicalspecifications				
Undergroundconnections	Yes	Yes	Yes	Yes
Above-groundconnections	Yes	Yes	Yes	Yes
Interpretationfacilities	Yes	Yes	Yes	Yes
ITfacilities	Yes	Yes	Yes	Yes
Cabling	Yes	Yes	Yes	Yes
Undergroundparkingfortrucks	--	Yes	Yes	Yes
Undergroundspaceforloading	--	Yes	Yes	Yes
Multi-purposehall	--	Yes	Yes	Yes
Libraryandreadingroom	--	Yes	Yes	Yes
Staffwelfarefacilities	--	Yes	Yes	Yes
Informationcenter	--	Yes	Yes	Yes
Medicalunit	--	Yes	Yes	Yes

9. After consultations with Behnisch, Behnisch and Partner (BB&P), architects of the proposed new building, and project engineers on their recommendations contained in the evaluation report, it is considered that the suggestions could be implemented by adjusting the project without significant modification of the global architectural design concept (see table 1 of Annex I to this document). As a result, a revised project proposal for the new construction is presented below, following the estimates and recommendations of the Federal Audit Office. As shown in table 4, the revised project proposal includes an administrative building with 560 workplaces, underground parking facilities for 280 parking spaces; an underground floor for storage and technical facilities as well as a cafeteria with 300 seats. The revised project proposal does not include at this time the additional storage/parking facilities foreseen in the previous plan (see a proposal for a further study on additional parking places outlined below in paragraph 16).

10. The revised project proposal includes a conference hall with 650 seats, an increase by 50 delegates' seats as compared to the previous plan. It is proposed in light of the objectives and future needs of WIPO as well as considering the convenience and independence that such a facility would afford. The decision to build the conference hall would reconfirm a similar decision taken by the General Assembly in 1998.

11. As previously proposed in document WO/PBC/4/3 of July 2001, the building will include a number of facilities, such as an underground parking for trucks, underground space for loading, a multipurpose hall, a library and reading room, information center and medical unit. As part of the architectural design, the interior volume at ground floor and the internal gardens on the various office levels will serve as vital green spaces regulating the ambient and relative humidity levels in the building as well as offering spaces for the occupants for informal meetings. The theme of interior gardens is a direct result of the desire to recreate the original site after the building completion, and thus the ground floor can be considered as a form of WIPO public space, which adapts to the natural contour of the site and thereby creates a symbiotic relationship with the surrounding context.

A. Technical Specifications

Workplaces

12. The administrative building includes 560 workplaces, an increase in 60 places from the previous plan, as recommended in the evaluation report (see paragraph 63 of the evaluation report and paragraphs 11 and 12 of Annex I to this document). The increase will be accommodated while respecting the global design concept and keeping within WIPO's standards for workplace arrangements as outlined in the following paragraph. With the availability of these workplaces in 2007, it will be possible to meet 88.7 percent of total office requirements through WIPO-owned facilities by 2009 as indicated in Annex II. Some office requirements will need to be met through rented facilities, including workplaces and parking spaces in the P&G building according to the optimistic forecast outlined in paragraphs 14, 16 and 21 of the evaluation report. This mix between WIPO-owned and rented offices is seen to provide the necessary flexibility to meet overall demand in an efficient manner.

13. The provision of 560 workplaces is generally based on office configuration for staff in individual offices. The architectural concept of the building has the flexibility of modifying the floor layout by partitioning and regrouping working spaces so as to provide offices for up to 612 staff members, as suggested in the evaluation report (see paragraphs 13, 17 and 63 of the evaluation report). Whereas this figure is technically possible by accommodating three to four staff members per office in most operational units, it is practically difficult if the office layout is to take into account requirements for work efficiency and compliance with standards adopted for other WIPO-owned premises. It is therefore appropriate to utilize for planning purposes the figure of 560 workplaces, with an average cost per workplace of Sfr 281,250. Compared to the updated estimate of Sfr 300,000 from July 2001, this reflects a reduction by Sfr 18,750 or 6.3 percent due to the creation of 60 additional workplaces. When compared to the initial estimates of Sfr 132,000 of 1998, the revised amount reflects an increase of 113.1 percent. This large difference is due to the significant underestimation of the initial budget as indicated in the evaluation report (see paragraph 73).

Parking Spaces

14. It is recalled that the initial plan approved by the General Assembly in 1998 was to provide for 580 parking spaces, comprising 300 for staff and 280 for delegates and visitors. The revised project plan only provides for 280 parking spaces, in accordance with the recommendations of the evaluation report and in line with the permission provided by the Geneva authorities under the PLQ (local district plan). The evaluation reports suggested not to provide parking spaces for delegates and visitors and to remove the additional storage space which the Secretariat intended to reserve for possible conversion into future parking places (see paragraph 15). As indicated in the evaluation report, substantial budget reductions could be achieved by removing the additional storage space.

15. The previous project proposals were based on the assumption that a ratio of 80:100 between parking places and workplaces should be followed. The evaluation report recommends a lower ratio of 66:100 to meet the demand for parking spaces. As demonstrated in Annex II, the 280 parking spaces provided in the new construction will not be sufficient to meet even this lower ratio and WIPO will be required to continue renting a substantial number of parking spaces for its employees. Moreover, the recommendation to delete entirely the provision of additional parking places for visitors and delegates is seen to create considerable inconvenience. Delegates and visitors will be required to continue using the very limited on-street parking. Shortage of parking facilities is expected to be more serious, should the new conference room be built.

16. Considering the significant gap between the number of parking places initially approved by the General Assembly in 1998 (580) and the conclusion drawn in the evaluation report (280), the Secretariat proposes that the provision of parking places should be studied further. This should include options in the proximity of WIPO's headquarters building, noting that the ex-World Meteorological Organization (ex-WMO) building will provide for 180 parking places, or only 40.0 percent of the workplaces it provides, and that it appears that no additional permanent parking places are available at the *Parking des Nations*. This study would also explore the option of maintaining some of the storage space with a view of converting it into additional parking places if needed in the future. This would be done within the approved budget, by utilizing possible savings as identified in the evaluation report (see paragraph 71).

Conference Hall

17. The conference hall provides 650 seats for delegates, an increase by 50 seats from the initial plan. As recommended in the evaluation report, the hall will be divisible into two rooms of 450 and 200 seats each, which is considered the most desirable option from an economic point of view. The increase in room capacity will be achieved through an improved space planning in the architectural design. This modification includes a reduction in the average area per seat from 2.0 square meters to 1.6 square meters, in line with the recommendations of the evaluation report. It is expected that the increase in capacity will be achieved within the previously planned cost estimates.

18. The size of the conference hall amounts to 20,500 cubic meters in volume and 4,400 square meters in gross floor size, 10.3 percent and 10.4 percent, respectively, of the total project size. The conference hall is equipped with modern cabins for interpreters and the latest audiovisual and multimedia equipment. Following suggestions in the evaluation report, the sound equipment will take into account the specifics of the room's acoustics. High-resolution video projectors, supported by many types of video equipment, including, among others, DVDs, PCs, video-conferencing and electronic voting equipment, will be available.

Building Dimensions

19. The total building size will amount to 198,300 cubic meters in volume and 42,400 square meters in gross floor size, higher than the initial estimates by 88,300 cubic meters (80.3 percent) in volume and 14,400 square meters (51.4 percent) in gross floor size, respectively. The larger building size is required to realize the architectural winning project design and to ensure "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, as a three-dimensional, open-spatial structure" (see paragraphs 6 and 7 of document WO/PBC/4/3). Compared to the previous estimate, the building size will be reduced by 21,700 cubic meters (9.9 percent) in volume and by 13,900 square meters (24.7 percent) in gross floor size, respectively. For the administrative building, the average size per workplace will amount to 317.5 cubic meters in volume and 67.9 square meters in gross floor size. Compared to the previous estimate, these figures constitute reductions by 32.5 cubic meters (9.3 percent) in volume and by 20.7 square meters (23.4 percent) in gross floor size, respectively. This is achieved due to an increase in the number of workplaces from 500 to 560 while the volume and floor size of the administrative building essentially remain the same.

Technical Installations

20. The technical installations are reviewed, rationalized and upgraded within the approved budget as recommended in the evaluation report (see paragraphs 288-298). All technical installations will use modern technology in an environmentally sensitive manner while respecting the current stringent regulations regarding energy saving, building physics and thermal planning. Three atrium spaces located in the main building act as natural ventilation shafts by allowing natural light to filter through without the undesirable effect of excessive sun penetration and to prevent overheating in the summer. Conversely, in the winter the same atrium spaces are redesigned to let natural light into the circulation and office areas helping to regulate office temperatures via a system of heat exchangers. Another example is the

configuration of the open and closed office partitions system, which not only allows for the maximum benefits derived from the use of natural light, but also assures the privacy and individual discretion through a subtly organized rhythm of wood panels and translucent glass to the corridors spaces and between offices. The facade system is arranged so as to allow for maximum flexibility when having to re-organize workplaces.

21. Technical concepts adopted in the revised project plan are developed in order to allow for an effective integration of the new project with the existing WIPO technical infrastructure. For example, the entire building is furnished with the latest standards in universal cabling, enabling a flexible installation in strict adherence to all security and fire safety standards.

B. Budget Analysis

22. Table 5 provides a project summary by object of expenditure and building components. As indicated above, the proposed project budget of Sfr 190,500,000 is consistent with the recommendations of the evaluation report (see paragraph 69) and does not include the possible cost increase due to inflation (see paragraph 67 of the evaluation report) as well as the cost of the architectural competition. The architectural competition amounted to Sfr 1,443,000 and was covered under the biennial budgets for 1998 -1999 and 2000 -2001.

**Table 5. New Construction Project
Project Summary by Building Component and Object of Expenditure
(in thousand of Swiss francs)**

<i>Building Component/ Object of Expenditure</i>	<i>Administrative Building</i>					<i>Conference Hall</i>	<i>TOTAL</i>
	<i>Underground Area</i>			<i>Offices</i>	<i>Total</i>		
	<i>Parking A</i>	<i>Storage B</i>	<i>Total C=A+B</i>			<i>D</i>	<i>E=C+D</i>
<i>1. Construction</i>							
Pre-structural works	2,522	1,261	3,783	5,741	9,524	1,305	10,829
Main structural works	15,940	7,970	23,910	72,209	96,119	20,425	116,544
Special equipment/services and external works	24	12	36	5,278	5,314	1,922	7,236
<i>Total, 1</i>	<i>18,486</i>	<i>9,243</i>	<i>27,729</i>	<i>83,228</i>	<i>110,957</i>	<i>23,652</i>	<i>134,609</i>
<i>2. Contractual services</i>							
Honorariums of architects and engineers	2,773	1,386	4,159	12,484	16,643	3,548	20,191
Project management	378	189	567	1,703	2,270	530	2,800
Project evaluation	56	27	83	247	330	70	400
<i>Total, 2</i>	<i>3,207</i>	<i>1,602</i>	<i>4,809</i>	<i>14,434</i>	<i>19,243</i>	<i>4,148</i>	<i>23,391</i>
<i>3. Operating expenses</i>	1,100	550	1,650	4,950	6,600	1,400	8,000
<i>4. Furniture</i>	--	500	500	7,000	7,500	1,000	8,500
Total, 1-4	22,793	11,895	34,688	109,612	144,300	30,200	174,500
<i>5. Contingency</i>	2,263	1,132	3,395	9,805	13,200	2,800	16,000
TOTAL	25,056	13,027	38,083	119,417	157,500	33,000	190,500

23. The new construction project is divided into an administrative building, including offices and an underground area, and a conference hall. Offices include workplaces and common areas. The underground area is composed of parking and storage spaces. Out of a total budget of Sfr 190,500,000, the administrative building amounts to Sfr 157,500,000 or 82.7 percent of the total project budget, with Sfr 119,417,000 or 62.7 percent allocated to the office building and Sfr 38,083,000 or 20.0 percent to the underground area. Parking and

storage areas amount to Sfr 25,056,000 and Sfr 13,027,000, or 13.2 percent and 6.8 percent of the total project budget, respectively. The conference hall amounts to Sfr 33,000,000 or 17.3 percent of total project budget.

24. The presentation by main object of expenditure distinguishes between construction, contractual services, operating expenses, furniture and contingency as follows:

Construction

25. Construction cost amounts to Sfr 134,609,000 or 70.7 percent of the total project budget, including pre-structural works, main structural works and works on special equipment/services and external works. The pre-structural works are budgeted at Sfr 10,829,000 and comprises site and soil investigations; site clearance and preparation; installation of general facilities on the site required for the construction work; adaptation to existing installations, services and access facilities; and the construction of special foundations and supports for the works on waterproofing and excavating the basement.

26. The main structural works amount to Sfr 116,544,000 and involve excavation of the basement; all building works, including all concrete work, masonry, steelwork, metalwork, stonework, construction of windows, external insulation and external surface treatment; all major installations, such as electrical, heating, ventilation, air conditioning and refrigeration, sanitation, elevators, and all internal finishing works, such as flooring, wall and ceiling finishing, internal surface treatment and painting.

27. Special equipment/services and external works are budgeted at Sfr 7,236,000 and include electrical installations associated with various communication equipment, data transfer systems, security and alarm systems and other low power systems; cabling and telecommunication equipment for the conference hall; all sanitary fittings for the kitchens; the setup of automatic barrier for the parking; external landscaping; all structural and finishing activities related to external works; necessary electrical and sanitary works for external installations; road works; and gardens.

28. The total construction work for the administrative building amounts to Sfr 110,957,000, made up of Sfr 83,228,000 for offices and Sfr 27,729,000 for the underground area (Sfr 18,486,000 for parking and Sfr 9,243,000 for storage). The budget for the conference hall amounts to Sfr 23,652,000. Construction work amounts to Sfr 148,600 per workplace in the office building, Sfr 66,000 per parking place in the underground parking area and Sfr 36,400 per seat in the conference hall.

Contractual Services

29. Contractual services amount to Sfr 23,391,000 or 12.3 percent of total project budget, including honorariums of architects and engineers (Sfr 20,191,000), project management (Sfr 2,800,000) and audit review (Sfr 400,000). Honorariums of architects and engineers include Sfr 9,900,000 for architect's honorarium, Sfr 7,900,000 for engineers and Sfr 2,391,000 for various sub-contractors in fieldssuch as geology, geometry, fire safety, facades, building esthetics, planning of greenspace, natural and artificial lights. Honorariums of engineers are expected to vary from as low as Sfr 500,000 to as high as Sfr 3,700,000, depending on the engineering field and terms of reference. Project management is estimated at Sfr 2,800,000 to

cover the cost of external management and salary for the internal project manager. Total contractual services for the administrative building amount to Sfr 19,243,000 made up of Sfr 14,434,000 for offices and Sfr 4,809,000 for underground area (Sfr 3,207,000 parking and Sfr 1,602,000 for storage). The budget for the conference hall amounts to Sfr 4,148,000. Contractual services amount to Sfr 25,800 per workplace, Sfr 11,500 per parking space and Sfr 6,400 per seat in the conference hall.

Operating Expenses

30. Operating expenses amount to Sfr 8,000,000 or 4.2 percent of the total project budget, including secondary fees for the provision of security services on the construction site; insurance coverage for the building work; the cost of permits; connection charges for basic services, such as electricity, gas, water and the cost of reproduction of project designs and plans. Total operating expenses for the administrative building amount to Sfr 6,600,000 made up of Sfr 4,950,000 for offices and Sfr 1,650,000 for underground area (Sfr 1,100,000 parking and Sfr 550,000 for storage). The budget for the conference hall amounts to Sfr 1,400,000. Operating expenses amount to Sfr 8,800 per workplace, Sfr 3,900 per parking space and Sfr 2,200 per seat in the conference hall.

Furniture

31. Furniture amounts to Sfr 8,500,000 or 4.5 percent of total project budget, including desks, chairs, closets, bookshelves and computer equipment. This provision for the administrative building amounts to Sfr 7,500,000 made up of Sfr 7,000,000 for offices and Sfr 500,000 for underground area. The budget for the conference hall amounts to Sfr 1,000,000. Furniture costs amount to Sfr 12,500 per workplace and Sfr 1,500 per seat in the conference hall.

Contingency

32. The contingency provision has been determined at Sfr 16,000,000, in line with the norms of the Swiss Association of Engineers and Architects (SIA) and based upon the recommendations of the evaluation report (see paragraphs 67 and 69). This provision for the administrative building amounts to Sfr 13,200,000 made up of Sfr 9,805,000 for offices and Sfr 3,395,000 for underground areas. The contingency budget for the conference hall amounts to Sfr 2,800,000.

C. Project Implementation Schedule

33. The new construction project will be implemented over a period of seven years, starting with the conclusion of the architectural competition in 2000 and finishing in 2007. It is estimated that the construction work will require three and a half years from its commencement to its completion. In the execution phase of the construction, the Secretariat will take steps to further reinforce the project management. It will also enhance the transparency and accountability of the project by keeping regional coordinators and any other interested Member States informed of the progress of the new construction (see paragraphs 282 to 287 of the evaluation report).

34. Table 6 indicates the total budget allocation of Sfr 190,500,000 on an annual basis for building components and contingency (part A of table 6) as well as by object of expenditure (part B of table 6). Project expenditure amounts to Sfr 4,648,000 for the 2000 -2001 biennium or 2.4 percent of the total project budget and is estimated to reach Sfr 10,181,000 in 2002. Expenditure will increase considerably during 2003 to Sfr 39,643,000 following the approval of the revised project budget and reaching a peak during 2004 with Sfr 43,612,000. Construction work is expected to be completed by December 2006. This will be followed by the refurbishment of the building complex with necessary furniture and equipment from late 2006 to early 2007 for a total budget of Sfr 8,500,000. In accordance with the recommendations of the evaluation report, contingency provisions for a total of Sfr 16,000,000 have been planned for the end of project implementations scheduled for 2007. The current plan anticipates that the building will be ready for occupation by March 2007.

35. The revised projects schedule for the new construction project and its comparison with the initial projects schedule proposed in July 1998 is illustrated in tables 7 and 8. The estimated duration of selected work elements for the revised project is shown in table 9.

D. Description of the Main Contractual Arrangements in Place as of July 2002

36. A list of contractual arrangements in place as of July 2002 is provided in table 10. The table illustrates work carried out in preparing for the consideration of the revised project budget for the new construction. The first contract indicated in table 10 relates to the work performed by the architect BB&P. Following the selection of the project architect, a preliminary agreement was concluded with BB&P on August 14, 2000, which described the extent and scope of the architect's mandate and provided a detailed breakdown of services to be rendered by the architect. The architect was subsequently requested by WIPO to commence with the initial phases of project development (pre-project phase) in September 2000 based on the preliminary agreement, which was later confirmed and superseded by a contract signed on April 17, 2001.

37. The pre-project phase of the architect's mandate consisted, among others, of the analysis and evaluation of the needs and requirements of the client, a study of legal and other related aspects of the project, calculation of gross initial estimates, preparation of provisional technical documentation and summary cost estimates based on the norms of the Swiss Building Cost Classification.

38. The project planning and development phase commenced in September 2001 and comprised such stages as the elaboration and adaptation of project plans in accordance with local rules, regulations and constraints, detailed estimation of the costs and timeframe of the project, development of detailed requirements concerning the construction work and the materials to be used, update of construction plans and preparation of technical and financial documentation. This phase culminated in the finalization of documents for the building permits and the submission of permit requests to the Geneva authorities on November 29, 2001. The building permits are expected to be given soon. Subsequently, detailed building cost estimates (general estimate or *Devis Général*) were prepared in March 2002.

Table 6. New Construction Project
 Project Summary by Building Components, Objects of Expenditure and Year
 (in thousand Swiss francs)

	2000	2001	2002	2003	2004	2005	2006	2007	Total
A. By building components and contingency									
1. Building components									
Administrative building									
Underground area	66	858	2,023	7,880	8,669	7,258	6,857	1,077	34,688
Office area	208	2,712	6,396	24,902	27,395	22,938	21,657	3,404	109,612
<i>Total, Administrative building</i>	<i>274</i>	<i>3,570</i>	<i>8,419</i>	<i>32,782</i>	<i>36,064</i>	<i>30,196</i>	<i>28,514</i>	<i>4,481</i>	<i>144,300</i>
Conference hall	57	747	1,762	6,861	7,548	6,320	5,967	938	30,200
<i>Total, A.1</i>	<i>331</i>	<i>4,317</i>	<i>10,181</i>	<i>39,643</i>	<i>43,612</i>	<i>36,516</i>	<i>34,481</i>	<i>5,419</i>	<i>174,500</i>
2. Contingency	--	--	--	--	--	--	--	16,000	16,000
TOTAL	331	4,317	10,181	39,643	43,612	36,516	34,481	21,419	190,500
B. By object of expenditure									
1. Construction									
Pre-structural works	--	--	--	10,829	--	--	--	--	10,829
Structural works	--	--	--	22,713	40,790	29,136	23,905	--	116,544
Special equipment/services and external works	--	--	--	--	--	3,618	3,618	--	7,236
<i>Total, B.1</i>	<i>--</i>	<i>--</i>	<i>--</i>	<i>33,542</i>	<i>40,790</i>	<i>32,754</i>	<i>27,523</i>	<i>--</i>	<i>134,609</i>
2. Contractual services									
Honorariums of architects and engineers	51	4,254	8,630	4,950	731	731	525	319	20,191
Project management	280	63	351	351	491	631	633	--	2,800
Project evaluation	--	--	400	--	--	--	--	--	400
<i>Total, B.2</i>	<i>331</i>	<i>4,317</i>	<i>9,381</i>	<i>5,301</i>	<i>1,222</i>	<i>1,362</i>	<i>1,158</i>	<i>319</i>	<i>23,391</i>
3. Operating expenses									
4. Furniture									
<i>Total, B.1 -B.4</i>	<i>331</i>	<i>4,317</i>	<i>10,181</i>	<i>39,643</i>	<i>43,612</i>	<i>36,516</i>	<i>34,481</i>	<i>5,419</i>	<i>174,500</i>
5. Contingency	--	--	--	--	--	--	--	16,000	16,000
TOTAL	331	4,317	10,181	39,643	43,612	36,516	34,481	21,419	190,500

Table 7: New Construction Project
Comparison between revised and initial project plans

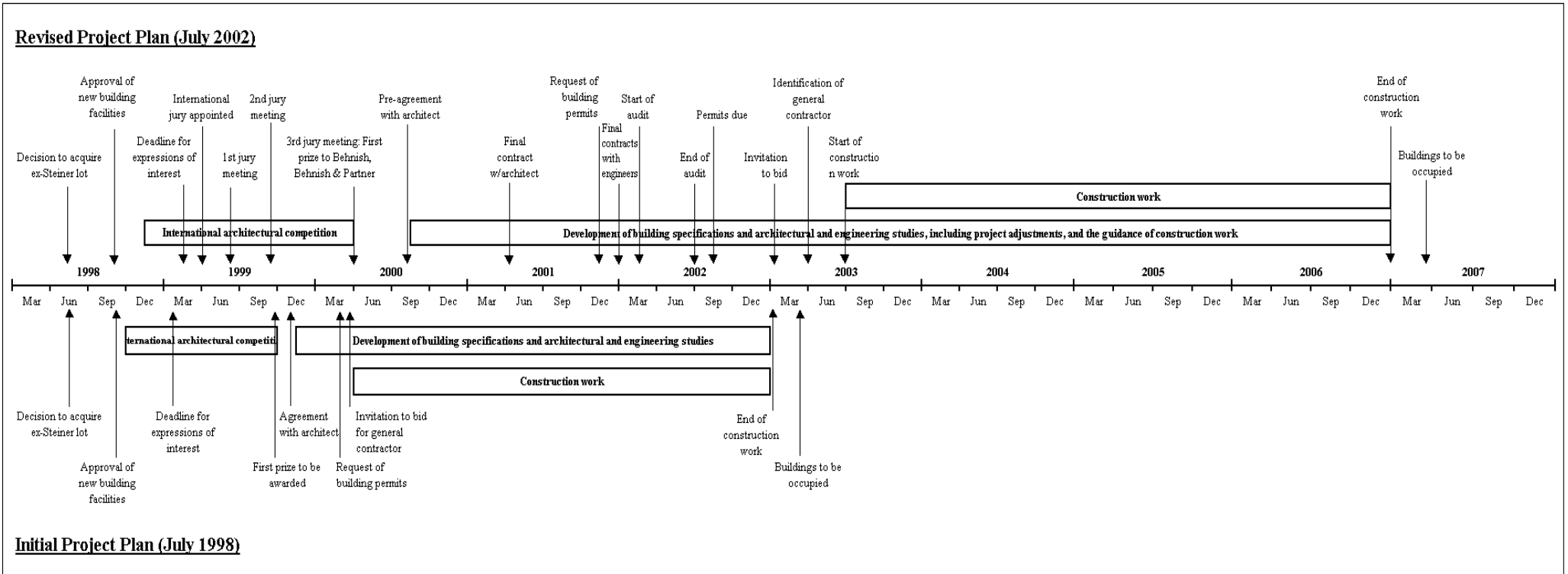


Table 8: New Construction Project
Comparison between Revised and Initial Project Plan
by Major Activities

<i>Major activities</i>	<i>Initial July 1998 (WO/GA/23/5)</i>	<i>Revised July 2002 (WO/PBC/5/2)</i>
International architectural competition	Sep 1998 - Sep 1999	Nov 19 98 - Mar 2000
Development of detailed building specifications	Oct 1999 - Apr 2000	Sep 2000 - Aug 2002
Modification of project plans based on audit review recommendations	--	Sep - Dec 2002
Start of the selection of general contractor	Apr 2000	Jan 2003
Finalization of the evaluation of received proposals	Apr 2000	Apr 2003
Selection of general contractor	Apr 2000	May 2003
Start of construction work	Apr 2000	Jun 2003
End of construction work	Dec 2002	Dec 2006
Building refurbishment and occupancy	First half of 2003	Jan - Mar 2007

Table 9: New Construction Project
Estimated Duration of Selected Work Elements

<i>Work Elements (partially overlapping)</i>	<i>Estimated Duration</i>
Excavation, foundations, primary drainage and preparation of the building site	6 months
Main load - bearing superstructure up to the roof level	12 months
Technical installations, including heating, ventilation, mechanical and electrical installations	15 months
Development and execution of the roof and facades	15 months
Interior primary installations, such as floors, walls, ceiling and doors	12 months
Finishing and fixed furniture installations	8 months
External works, surface treatment and creation of green spaces	6 months
Internal fit - out for office workstations, including office furniture, cabling and specific lighting	5 months

Table 10: New Construction Project
Description of Main Contractual Arrangements for the New Construction Project as of July 2002

<i>Entity</i>	<i>Nature of Entity</i>	<i>Contract Start</i>	<i>Terms of Reference</i>
1. Behnisch, Behnisch & Partner, Stuttgart, Germany - architectural contract	Advisor architect	August 2000	Detailed architectural studies; analysis of tasks and issues; research of essential elements of the overall project; preparation of draft project proposals; detailed development of project plans before an application for building permits is filed with the Geneva authorities; request of building permits; detailed studies on the execution of plan; preparation of relevant documents and RFPs for the tendering process; evaluation and analysis of received bids; development of final project plans based upon the consultation with the general contractor, general architectural guidance; finalization of technical documentation
2. Behnisch, Behnisch & Partner - contract amendment covering miscellaneous engineering services	Miscellaneous engineers	July 2001	Engineering studies in the fields of geology, geometry, fire safety, facades, building aesthetics, planning of greenspace, natural and artificial lights
3. Consortium of Schlaich, Bergermann und Partner GbR - Tremblet SA and Erricos Lygdopoulos	Civil engineers	June 2001	Development of detailed studies in the area of civil engineering
4. Consortium of Transsolar - Sorane SA and RGR Idweg & Gendre SA	HV (heating and ventilation) engineers	June 2001	Development of detailed studies in the area of heating and ventilation engineering
5. Consortium of Technic's Energy SA and Amstein + Walthert Geneva SA	Electric engineers	June 2001	Development of detailed studies in the area of electric engineering
6. Technic's Energy SA	Sanitary engineers	June 2001	Development of detailed studies in the area of sanitary engineering
7. Federal Audit Office of the Swiss Confederation	Auditing agency	February 2002	Audit review of the new construction project
8. Département de l'Aménagement, de l'Équipement et du Logement (DAEL), Geneva	Cantonal agency	November 2001	Issuance of required building permits

39. The selection of project engineers commenced with a tender process on November 6, 2000 when invitations were sent out to a number of professional engineers identified by WIPO in collaboration with the architects. Up to twelve engineering firms with expertise in civil, heating, ventilation, sanitary and electrical engineering, were invited to present their proposals. Proposals from engineering firms were received at WIPO by the end of November 2000 and were analyzed and evaluated by WIPO in consultation with the architects from December 2000 to January 2001. The initial evaluation phase involved a detailed analysis of the submitted offers, resulting in short-listing three engineering firms for each type of engineering expertise. The subsequent evaluation phase consisted of visits to a number of buildings in Switzerland and Germany in which the short-listed engineers were involved in order to further review the proposals.

40. The evaluation process was concluded in June 2001 with the identification of four engineering firms or consortiums (one for each engineering expertise) as winning candidates. These included the consortium of Schlaich, Bergermann und Partner GbR - Tremblat SA and Erricos Lygdopoulos as civil engineers; the consortium of Transsolar - Sorane SA and RG Riedweg & Gendres SA as heating and ventilation engineers; Technic's Energy SA as a sanitary engineer and the consortium of Technic's Energy SA and Amstein + Walthert Geneva SA as electrical engineers.

41. These selected engineering firms and consortiums were requested by WIPO to commence with the initial phase of engineering services in June 2001. Contracts were concluded in December 2001. The engineers have since worked closely with the architect in developing various project areas, including detailed cost estimates and project and construction plans.

42. To facilitate the project planning and development and to reduce management costs for WIPO, a contract arrangement was set up with BB&P on July 27, 2001, as an amendment to their base contract, whereby the architect would collaborate directly with various engineering firms responsible for studies in the fields of geology, geometry, fire security, traffic planning, facades, building esthetics, planning of green areas and natural and artificial lighting.

43. The next steps to be taken, should the proposed revised budget be approved by the Assemblies of the Member States of WIPO in September 2002, are outlined below in Section III.

III. REVISED PROGRAM AND BUDGET 2002 - 2003

44. Biennial requirements of long-term projects are integrated in the proposed budget for the Secretariat as a whole. This is also the case for the new construction project budget, which is described in Sub-program 18.4 (New construction) contained in the approved program and budget 2002 - 2003 (WO/PBC/4/2) of the Secretariat. A revision of the project budget for the new construction is, therefore, also required to be reflected in the current approved program and budget for 2002 - 2003. This revision is limited to Sub-program 18.4 (New construction) only and does not cover changes in any other WIPO work program.

45. Objective, expected results and performance indicators of Sub-program 18.4 (New construction) remain as previously identified and are recalled below. They are followed by a revised list of activities and a detailed presentation of the budgetary requirements.

Objective: To enable the provision of additional WIPO -owned workplaces, conference facilities and parking spaces by 2007 as an integral part of the WIPO premises plan

Expected Results	Performance indicators
1. Timely implementation of new construction project	- Meeting established timelines
2. Cost -effective implementation of work	- Cost for new construction compared with budgeted costs

46. In 2002 -2003, the architect, engineers and miscellaneous sub -contractors will complete the development of building plans and construction details. Specifically, during the period from September to December 2002, the plans will be adjusted in accordance with the recommendations of the evaluation report. This will be followed by the preparation of tender documents for the selection of a general contractor. The tendering process is projected to commence in January 2003 with the dissemination of invitations for an Expression of Interest. Short-listing of interested parties is planned for February 2003, followed by a request for detailed proposals from the short -listed candidates. The tender documents to be sent to the short listed companies will consist of a detailed description of construction requirements, supported by plans, drawings and sketches. The evaluation of proposals and bids will be conducted by a team consisting of representatives of WIPO, BB&P and engineers. The evaluation and selection process is expected to be completed by May 2003, with the construction work scheduled to begin in June 2003 with pre -structural works. Main activities to be implemented in 2002 -2003 are listed below.

Activities

- Development of project plans and construction details by architect, engineers and other sub -contractors; January 2002 -June 2003
- Evaluation by the Federal Audit Office; February -June 2002
- Preparation of the revised project plan and budget for consideration by Program and Budget Committee and Assemblies of Member States; July -September 2002
- Adjustment of project plans and construction details based on the recommendations of the evaluation report by the Federal Audit Office; September -December 2002
- Organization of a tender process for the selection of the general contractor; January-May 2003
- Elaboration by the general contractor of updated program for the construction work; May-June 2003
- Beginning of the main construction work; June 2003
- Pre -structural works, including demolition of existing installations in the new construction site, clearance work to prepare the ground for the construction work, excavation of the basement levels and installation of primary infrastructure for water, electricity and canalization; June -December 2003
- Beginning of main structural works, including the creation of underground levels as well as construction of links to the existing main building of WIPO; October -December 2003.

47. TherevisedbudgetforSub -program18.4(Newconstruction)forthe 2002-2003 bienniumamountstoSfr49,8 24,000andis presented indetailintable11. The revisionreflects adcreaseoftheapprovedallocationofSfr52,338,000bySfr2,514,000or 4.8 per cent. Thereductionisthenetresultoftwoadjustments. First, inaccordancewiththe observationsbytheFederalAuditOffice, activitieshavebeencostedonarealisticbasis resultinginanincreaseofthebudgetaryallocation. Second, theworkassociatedwiththe reviewprocessoftheFederalAuditOfficeresultedinthereschedulingofactivities o subsequentbiennia. Thisimpliedareductionofthebudgetallocationforthe 2002-2003 biennium.

Table11: RevisedProgramandBudget2002 -2003
Sub-program18.4(NewConstruction)
(inthousandsofSwissfrancs)

	2002-2003 Approved A	Variation		2002-2003 Proposed C=A+B
		Amount B	% B/A	
A. Budget				
<i>Program18(Premises)</i>				
Sub-program18.4(NewConstruction)				
Construction	--	33,542	--	33,542
Contractualservices	--	14,682	--	14,682
Operatingexpenses	52,338	(50,738)	(96.9)	1,600
<i>Total, Sub -program18.4</i>	<i>52,338</i>	<i>(2,514)</i>	<i>(4.8)</i>	<i>49,824</i>
Sub-programs18.1to18.3	65,598	--	--	65,598
<i>Total, Program18</i>	<i>117,936</i>	<i>(2,514)</i>	<i>(2.1)</i>	<i>115,422</i>
<i>Programs1 -17andunallocated</i>	<i>560,464</i>	--	--	<i>560,464</i>
Total, A	678,400	(2,514)	(0.4)	675,886
B. Income	531,782	16,522	3.1	548,304

48. As a result of the reduction in Sub -program18.4(Newconstruction), the total regular budgetfor2002 -2003isreducedfromSfr678,400,000bySfr2,514,000or0.4percentto Sfr675,886,000. TheestimatedincomeisupdatedasdescribedindetailinSectionIVbelow andexpectedtoincreaseascomparedtotheapprovedestimateofSfr531,782,000by Sfr16,522,000or3.1percenttoSfr548,304,000, mainlyduetomaintainingthePCTfees for2003atthelevelof2002. AdetaileddescriptionoftherevisedallocationforSub -program 18.4(Newconstruction)isprovidedbyobjectofexpenditureinthefollowingparagraphs.

Construction

49. ConstructionamountstoSfr33,542,000or67.3percentoftheallocationof Sub-program18.4for2002 -2003. TheconstructionworkwillbegininJune2003with pre-structuralworks, which includesiteandsoilinvestigations; siteclearanceand preparation; installationofgeneralfacilitiesonthesiterequiredfortheconstructionwork; adaptationstoexistinginstallations, servicesandaccessfacilities; constructionofspecial foundationsandsupportsfortheworksonwaterproofingandexcavatingthebasement. Pre-structuralworkwilllastaboutsixmonthsandisestimatedatSfr10,829,000. Main structuralworkswillcommencearoundOctober 2003andwillincludetheexcavationof the

basement, creation of underground levels as well as the link to the existing main building. The cost of main structural works in 2003 is estimated at Sfr 22,713,000, including cost of structural works and advanced payments to the general contractor in accordance with industry standards. Advanced payments are secured through guarantees provided by reputed financial institutions. This arrangement, already implemented for the extension and renovation of the ex-WMO building, enables WIPO to recover advanced payments should the contractor fail to comply with the terms of the contract.

Contractual Services

50. Contractual services amount to Sfr 14,682,000 or 29.5 percent of the allocation of Sub-program 18.4 for 2002 -2003. It includes Sfr 13,580,000 for honorariums of the architect, engineers and other sub-contractors, Sfr 702,000 for project management and Sfr 400,000 for the project evaluation by Federal Audit Office.

Operating Expenses

51. Operating expenses amount to Sfr 1,600,000 or 3.2 percent of the allocation of Sub-program 18.4 for 2002 -2003. Operating expenses include such items as the cost of reproduction of project plans and designs, building permits, security on the building site, insurance coverage and other secondary fees associated with the commencement of construction works.

52. In order to provide for a comprehensive revision of the key budgetary presentation, table 12 indicates the reduction of Sfr 2,514,000 by Union and by object of expenditure in the revised budget of WIPO for the 2002-2003 biennium.

**Table 12: Revised Budget 2002 -2003: Budget Adjustment
by Union and Object of Expenditure
(in thousand Swiss francs)**

	2002-2003	Variation		2002-2003
	Approved A	Amount B	% B/A	Proposed C=A+B
By Union				
Contribution-financed Unions	38,612	(84)	(0.2)	38,528
PCT Union	530,795	(2,115)	(0.4)	528,680
Madrid Union	78,945	(241)	(0.3)	78,704
Hague Union	13,572	(48)	(0.4)	13,524
Arbitration/Others	16,476	(26)	(0.2)	16,450
TOTAL	678,400	(2,514)	(0.4)	675,886
By Object of Expenditure				
Staff expenses	322,067	--	--	322,067
Official travel and fellowships	41,200	--	--	41,200
Construction	--	33,542	--	33,542
Contractual services	121,126	14,682	12.1	135,808
Operating expenses	158,412	(50,738)	(32.0)	107,674
Equipment and supplies	30,522	--	--	30,522
Unallocated	5,073	--	--	5,073
TOTAL	678,400	(2,514)	0.4	675,886

IV. FUNDING OF REVI SED PROJECT BUDGET FOR NEW CONSTRUCTION:
FINANCIAL INDICATORS 2000 TO 2009

53. The revised project budget for the new construction of Sfr 190,500,000 is elaborated in the context of a financial plan for the period up to 2009. The financial plan provides details on the funding approach and underlying assumptions. Detailed income estimates developed up to 2009 are indicated below in table 13 and will be subsequently compared with projected expenditure. Changes in income and expenditure estimates are reflected in the fluctuation of the reserves. An assessment of such fluctuation identifies the feasibility of the funding of the new construction project.

A. Income 2000 to 2009

54. Income during the period is expected to increase from Sfr 260,623,000 in 2000 to Sfr 415,152,000 in 2009 as indicated in table 13. This represents an average compounded increase of 4.8 percent per year, which translates into an overall anticipated income growth of 59.3 percent for the entire 10-year period from 2000 to 2009.

Table 13: Income
(in thousand Swiss francs)

	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
Contributions	17,527	17,267	17,294	17,289	17,289	17,289	17,289	17,289	17,289	17,289
Fees										
PCT Union	189,556	190,351	193,002	210,440	229,402	247,686	267,494	286,117	306,094	327,596
Madrid Union	25,141	25,920	27,621	28,445	29,270	30,177	36,855	37,845	38,752	39,741
Hague Union	5,147	4,957	4,993	5,182	5,372	5,625	5,814	6,067	6,320	6,573
Arbitration	1,076	1,455	2,702	4,760	4,760	4,760	4,760	4,760	4,760	4,760
Total fees	220,920	222,683	228,318	248,827	268,804	288,248	314,923	334,789	355,926	378,670
Other income	22,176	20,186	19,724	16,852	14,770	13,646	13,372	14,191	16,238	19,193
TOTAL	260,623	260,136	265,336	282,968	300,863	319,183	345,584	366,269	389,453	415,152

55. Anticipated devolution of income reflects the steady growth projected in the volume of activities in the registration systems, with fees maintained at their current levels. Income from Member States' contributions is projected to remain stable during the period, as no changes are anticipated in the value of the contribution unit. Finally, earnings from other income sources (publications, bank interest, rental, UPOV reimbursement, other income) are anticipated to steadily decline as a consequence of lower interest income due to decreasing reserve levels, with this income source to increase again towards the 2008-2009 biennium as reserve levels are expected to regain their targeted amounts. In the following, income projections are elaborated in detail.

Member States' Contributions

56. Income from Member States contributions was Sfr 34,794,000 in the 2000-2001 biennium (see table 9, financial management report 2000-2001). This income source is expected to amount to Sfr 17,289,000 in 2003 (see appendix 4 of document WO/PBC/4/2, revised draft program and budget 2002-2003). The amount for 2003 corresponds to 379.425 contribution units, at a value of Sfr 45,579 per unit. Income

projections through 2009 have been prepared on the basis of zero nominal growth in Member States' contributions, on the assumption of stable membership. It is recalled that the value of the contribution unit was reduced in 1998, 1999 and 2000, by a total of 19 percent with respect to the 1997 value.

PCT System: International Applications, Fees and Fee Income

57. Income from PCT fees was Sfr 379,907,000 in the 2000-2001 biennium as elaborated in Part A of table 14. This income source is expected to yield Sfr 403,442,000 in the 2002-2003 biennium, resulting from 238,300 international applications now anticipated for this biennium at an average fee of Sfr 1,693. This figure compares with an initial budget estimate of Sfr 378,690,000 for the 2002-2003 biennium resulting from an initial target of 236,000 international applications at an average fee of Sfr 1,605. Projected income in 2009 is estimated at Sfr 327,596,000 as a result of the growth expected in the number of PCT applications with average fee per application unchanged from the 2002 level.

58. The estimated number of international applications for 2009 (193,500) is 86.2 percent higher than the actual amount for 2001 of 103,947 applications (see table 14A). The projected number of international applications has taken into account registration projections made by the trilateral offices (USPTO, JPO, EPO), the effects of the economic slowdown on patent filings, and the anticipated economic recovery. The actual level of registrations in 2001 was about 2,000 international applications below target. It is to be noted, however, that had mail backlogs in Member States not occurred in late 2001, the target for 2001 would have been met. Concerning the level of registrations in 2002, it is anticipated, on the basis of data available at the time of preparing this document (July 2002), that the budget target for applications in 2002 will be met. Future years are expected to continue experiencing growth because of, on the one hand, high numbers of national patent filings as the economy enters an expansionary cycle, and on the other hand, increased percentages of national filings choosing the PCT-routeto file internationally. Increases in PCT applications owing to this latter reason are expected, however, to follow a decelerated path, as higher proportions of national patent filings with an interest on the PCT route become PCT users. PCT international applications are therefore projected to continue increasing, but with a decelerated rate of growth.

59. The average fee paid in 2000 was Sfr 2,084. Following the reduction in payable designations from 8 to 6 in 2001, average fee amounted to Sfr 1,831, a decrease of Sfr 253 or 12.1 percent as compared to the previous year. According to the estimates outlined in the program and budget 2002-2003 (see paragraph 346 of document WO/PBC/4/2), the average fee for 2001 reflected a slightly higher proportion of applications requesting the maximum number of designations and an increase in the proportion of applications also filing Chapter II demands. Following the reduction in the maximum number of payable designations to 5 as of January 1, 2002, the average fee is estimated at Sfr 1,693, a decrease of Sfr 138 or 7.5 percent as compared to the previous year. For 2003, no change is proposed to the level of PCT fees, pending consideration by the PCT Assembly of a recommendation by the Committee on Reform of the PCT to make fundamental changes to the PCT designations system with effect from January 1, 2004 (see document PCT/A/31/6). Until such decisions are taken and for the purpose of the current projections, the estimated average fee for 2002 of Sfr 1,693 is therefore assumed for the period 2003 to 2009.

Table 14: Income Estimates for PCT, Madrid, Hague and Arbitration and Mediation System for 1996 to 2009

A. PCT System

Year	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
<i>International Applications</i>														
Volume	47,291	54,422	67,007	74,023	90,948	103,947	114,000	124,300	135,500	146,300	158,000	169,000	180,800	193,500
% Change	n/a	15%	23%	10%	23%	14%	10%	9%	9%	8%	8%	7%	7%	7%
<i>Average Fee Per Application</i>														
Ave. Fee	2,613	2,799	2,194	2,149	2,084	1,831	1,693	1,693	1,693	1,693	1,693	1,693	1,693	1,693
% Change	n/a	7%	(22)%	(2)%	(3)%	(12)%	(8)%	--	--	--	--	--	--	--
<i>Fee Income (in thousand Swiss francs)</i>														
Income	123,578	152,302	147,015	159,056	189,556	190,351	193,002	210,440	229,402	247,686	267,494	286,117	306,094	327,596
% Change	n/a	23%	(3)%	8%	19%	0%	1%	9%	9%	8%	8%	7%	7%	7%

B. Madrid System

Year	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
<i>Registrations and Renewals</i>														
Volume	23,179	23,934	26,195	26,202	31,314	30,835	33,500	34,500	35,500	36,600	44,700	45,900	47,000	48,200
% Change	n/a	3%	9%	0%	20%	(2)%	9%	3%	3%	3%	22%	3%	2%	3%
<i>Average Fee Per Registration/Renewal</i>														
Ave. Fee	1,065	900	883	877	843	850	850	850	850	850	850	850	850	850
% Change	n/a	(15)%	(2)%	(1)%	(4)%	1%	--	--	--	--	--	--	--	--
<i>Fee Income (in thousand Swiss francs)</i>														
Income	24,491	21,596	22,805	22,622	25,141	25,920	27,621	28,445	29,270	30,177	36,855	37,845	38,752	39,741
% Change	n/a	(12)%	6%	(1)%	11%	3%	7%	3%	3%	3%	22%	3%	2%	3%

Madrid System: Registrations and Renewals, Fees and Fee Income

60. Income from fees under the Madrid system was Sfr 51,061,000 in the 2000-2001 biennium as elaborated in Part B of table 14. This income source is expected to yield Sfr 56,066,000 in the 2002 -2003 biennium, resulting from 68,000 applications for registrations and renewals anticipated for this biennium at an average fee of Sfr 850. This figure compares with an initial budget estimate of Sfr 55,142,000 for this biennium and represents an increase of some 1.7 percent on account of higher average earnings per application due to higher proportions of modifications, transmissions and territorial extensions per registration. Projected income in 2009 is estimated at Sfr 39,700,000 as a result of the growth expected in the number of applications for registrations and renewals with fee earnings unchanged at the current level.

61. The estimated number of applications for registrations and renewals for the current biennium is left unchanged from the initial budget target of 68,000 applications (see table 14B). In 2009, applications for registrations and renewals are estimated at 48,200. The corresponding growth is the result of an estimated increase of 3 percent per year in applications received from states already members of the Madrid Union, compounded with the additional number of renewals being generated from registrations effected in 1996 and subsequent years (due to the change in registration period in 1996 from 20 to 10 years), as well as from the expectation that additional growth would be forthcoming as other Member States will adhere to the Madrid system.

62. No changes are envisaged to the schedule of fees payable for registrations and renewals under the Madrid system for the period under projection. The actual fee in 2001 was Sfr 850, or 2.4 percent higher than anticipated as a result of higher than budgeted proportions of modifications, transmissions and territorial extensions. The same average fee is assumed for future years until 2009.

Hague System: Deposits and Renewals, Fees and Fee Income

63. Income from fees under the Hague System was Sfr 10,104,000 in the 2000-2001 biennium as elaborated in Part C of table 14. This income source is expected to yield Sfr 10,175,000 in the 2002 -2003 biennium, resulting from 16,100 deposits and renewals with an average fee of Sfr 632 per application, unchanged from the program and budget estimates (WO/PBC/4/2). Projected income in 2009 is estimated at Sfr 6,573,000 as a result of the growth expected in the number of applications with unit fee earnings unchanged from the current level.

64. The projected number of applications for deposits and renewals in this biennium has been left unchanged from the initial budget estimates. The number of applications for subsequent years has been projected to increase annually by 4 percent (see table 14C).

65. The average fee paid to the International Bureau in 2001 was Sfr 698, on target with respect to the projected Sfr 700 average fee earnings for the year. As a result of reductions in publication fees, average fee in 2002 is expected to decrease by 9.5 percent, resulting in an anticipated average fee of Sfr 632. No further changes in fees under the Hague System have been included, leaving the fee unchanged at its current level through 2009.

Arbitration and Mediation System: Filings, Fees and Fee Income

66. Income from Arbitration and Mediation filing fees was Sfr 2,531,000 in the 2000-2001 biennium as elaborated in Part D of table 14. This income source is expected to yield Sfr 7,462,000 in the 2002-2003 biennium, resulting from 5,600 filings of on-line domain name disputes now anticipated for the biennium, at an average fee of Sfr 1,333. These figures compare with an initial budget estimate of Sfr 11,391,000 and take into account lower than anticipated activity levels for the biennium and the delayed introduction of the fee increase approved in the 2002-2003 program and budget.

67. The number of filings for on-line dispute resolution cases has been re-evaluated at 2,800 in both 2002 and 2003, downwards from initial budget estimates of 3,100 and 3,600, respectively. In view of the difficulties observed in projecting the number of filings, projections for subsequent years assume a similar level as for 2003.

68. The anticipated average fee for the biennium was Sfr 1,700, in line with the proposed fee increase for the biennium. As this fee increase is delayed, an average biennial fee is revised downward to Sfr 1,333. Projections for subsequent biennia assume the higher fee being applied.

Other Income

69. Other income sources are expected to decrease from Sfr 42,356,000 reached in 2000-2001 to Sfr 27,555,000 in 2006-2007, to increase again to Sfr 35,423,000 in 2008-2009 as indicated in table 13 above. Other income sources include income from publications, earnings on bank interest, rentals, reimbursement from UPOV to services provided by WIPO, miscellaneous and other income.

70. Publications income was Sfr 8,554,000 in the 2000-2001 biennium. This income source is expected to yield Sfr 10,138,000 in the 2002-2003 biennium, as initially budgeted. The same amount of publications income is projected for subsequent biennia, as the volume of WIPO-published material (either on paper or by electronic means) is seen to remain stable. Moreover, prices for WIPO publication products are established on a cost-recovery basis in order to allow for wide dissemination of WIPO's published material assisting in that manner to the demystification of intellectual property.

71. Interest income was Sfr 25,674,000 in the 2000-2001 biennium. This income source is expected to yield Sfr 17,872,000 in the 2002-2003 biennium, which compares with an initial budgeted amount of Sfr 23,100,000. Decreases in interest income are also projected for future biennia according to the anticipated devolution in the level of reserves and working capital funds. This source of income is expected to increase in 2008-2009 mirroring the anticipated increase in reserves towards the end of the period under projection.

Table 14: Detailed Income Estimation for PCT, Madrid, Hague and Arbitration and Mediation System for 1996 to 2009

(continued)

C. Hague System

Year	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
<i>Deposits and Renewals</i>														
Volume	5,828	6,223	6,466	6,752	7,300	7,105	7,900	8,200	8,500	8,900	9,200	9,600	10,000	10,400
% Change	n/a	7%	4%	4%	8%	(3)%	11%	4%	4%	5%	3%	4%	4%	4%
<i>Average Fee Per Deposit/Renewal</i>														
Ave. Fee	744	747	732	690	705	698	632	632	632	632	632	632	632	632
% Change	n/a	--	(2)%	(6)%	2%	(1)%	(9)%	--	--	--	--	--	--	--
<i>Fee Income (in thousand Swiss francs)</i>														
Income	4,334	4,647	4,733	4,661	5,147	4,957	4,993	5,182	5,372	5,625	5,814	6,067	6,320	6,573
% Change	n/a	7%	2%	(2)%	10%	(4)%	1%	4%	4%	5%	3%	4%	4%	4%

D. Arbitration and Mediation System

Year	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
<i>Filings</i>														
Volume	n/a	n/a	n/a	1	1,857	1,507	2,800	2,800	2,800	2,800	2,800	2,800	2,800	2,800
% Change	n/a	n/a	n/a	n/a	n/a	(19)%	86%	--	--	--	--	--	--	--
<i>Average Fee Per Filing</i>														
Ave. Fee	n/a	n/a	n/a	398	579	965	965	1,700	1,700	1,700	1,700	1,700	1,700	1,700
% Change	n/a	n/a	n/a	n/a	45%	67%	--	76%	--	--	--	--	--	--
<i>Fee Income (in thousand Swiss francs)</i>														
Income	n/a	n/a	n/a	--	1,076	1,455	2,702	4,760	4,760	4,760	4,760	4,760	4,760	4,760
% Change	n/a	n/a	n/a	n/a	n/a	35%	86%	76%	--	--	--	--	--	--

72. Rental income was Sfr 1,845,000 in the 2000 -2001 biennium. This source is anticipated at Sfr 1,460,000 for the 2002 -2003 biennium, as initially budgeted. The same amount is projected for subsequent biennia, as no significant changes are anticipated in WIPO's rental income sources.

73. Reimbursement from UPOV was Sfr 1,600,000 in the 2000 -2001 biennium. This source is anticipated at Sfr 1,600,000 during this biennium, as initially budgeted. The same amount is projected for subsequent biennia, as no significant changes are anticipated on the support provided by WIPO to the UPOV's secretariat.

74. Miscellaneous and other income was Sfr 4,683,000 in the 2000 -2001 biennium. This source is anticipated at Sfr 5,500,000 for the 2002 -2003 biennium, as initially budgeted. The same amount is projected for subsequent biennia, as no significant changes are anticipated in other income sources of WIPO.

B. Financial Indicators 2000 to 2009

75. The financial indicators summarize the funding approach utilized for the new construction project. Table 15 recalls the summary result on income estimates as detailed above in table 13. This is compared with an outline of the budgetary evolution up to the end of 2009. The expenditure projection distinguishes between the revised project budget for the new construction totaling Sfr 190,500,000 and other budget estimates, totaling the estimated budget of the organization. The budget estimates reflect the following assumptions:

- Cost of new construction projects of Sfr 190.5 million with peak of expenditure in 2004 and end of project by 2007;

- Adjustment of the budget of registration services in accordance with approved flexibility formula, taking into account efficiency gains for the PCT budget of 23 percent with the introduction of the IMPACT automation project as of 2004;

- Completion of the extension and renovation project and major IT projects in 2003;

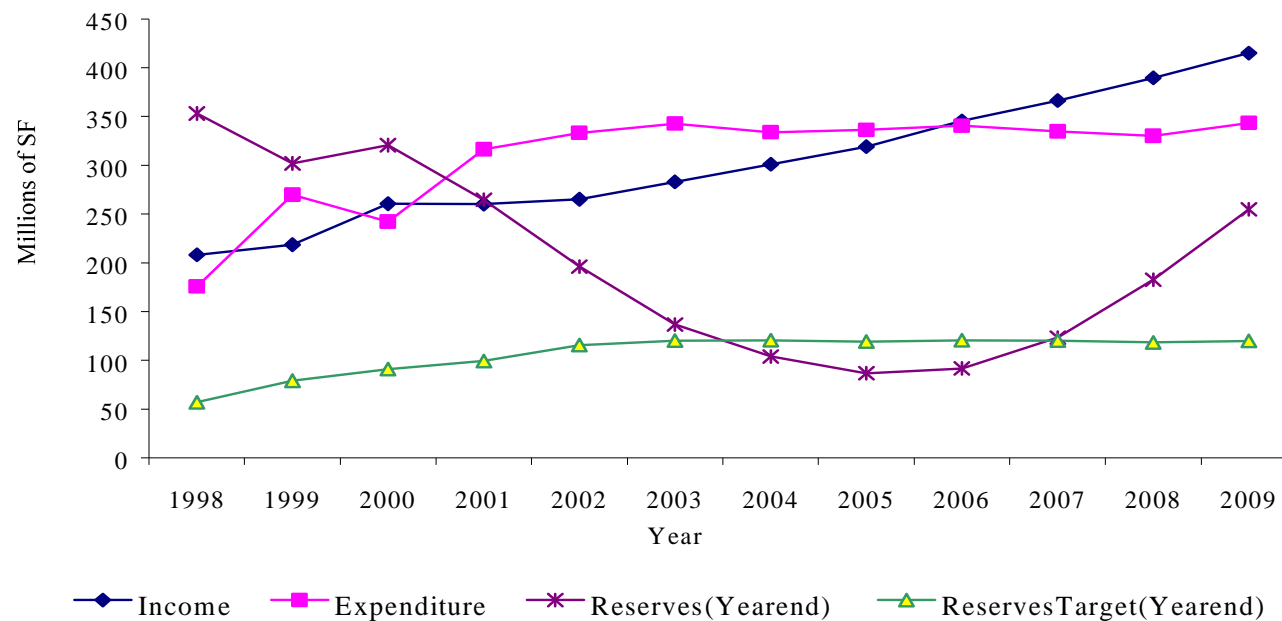
- Reduction in rental costs with the availability of the WIPO-owned extension building in 2003 and the new construction project in 2007;

- Modest growth of activities unrelated to registration operation.

76. Budgetary requirements are funded from a combination of projected income stream and available reserves. In other words, the difference between income and expenditure is reflected in the variation in the level of reserves at year-end. The estimated level of reserves is compared to the reserve target as approved by the Assemblies of Member States in September 2000. The reserve target corresponds to 18 percent of the total biennial budget. As indicated in table 15, the reserves have been excessively high prior to 2000 and started to decline towards the recommended level as of 2001. This adjustment is expected to continue with the implementation of the new construction project. It is further anticipated that the level of reserves will fall temporarily below the recommended target during the period 2004 to 2006, reaching the lowest level of Sfr 86,900,000 (or 13 percent of total biennial budget) in 2005. With the completion of automation projects and building projects, the organization

TABLE 15. INCOME, EXPENDITURE AND RESERVES FOR 1998 - 2009
(in million of Swiss francs)

	Actual				Revised		Estimate					
	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
Income	208.0	218.7	260.6	260.1	265.3	283.0	300.9	319.2	345.6	366.3	389.5	415.2
Expenditure												
New Construction Project	-	-	0.3	4.3	10.2	39.6	43.6	36.5	34.5	21.5	-	-
Other Expenditure	<u>175.5</u>	<u>269.7</u>	<u>241.8</u>	<u>311.9</u>	<u>323.0</u>	<u>303.1</u>	<u>290.2</u>	<u>299.7</u>	<u>306.2</u>	<u>313.3</u>	<u>330.0</u>	<u>343.3</u>
Total, Expenditure	175.5	269.7	242.1	316.2	333.2	342.7	333.8	336.2	340.7	334.8	330.0	343.3
Reserves (Yearend)	353.0	302.0	320.6	264.4	196.2	136.8	103.9	86.9	91.7	123.3	182.7	254.6
Reserves Target (Yearend)	57.1	80.1	92.1	100.5	116.9	121.7	121.8	120.6	121.8	121.6	119.7	121.2



will increase considerably the efficiency of the infrastructure. As a result, income is expected to exceed expenditure as of 2006. Anticipated surpluses will be utilized to replenish the reserves. As of 2008, surplus resources would become available for additional program activities and/or reductions in registration fees and Member States' contributions.

77. The Program and Budget Committee is invited to express its views on the proposed revised project budget for the new construction, and the revision of Sub-program 18.4 (New Construction) of the program and budget for the biennium 2002 – 2003 and consider recommending to the Assemblies of the Member States of WIPO, each as far as it is concerned:

(i) to approve the revised project plan for the new construction as described in Section II, including a project budget of Sfr 190,500,000; and

(ii) to approve the revision of Sub-program 18.4 (New Construction) of the program and budget for the biennium 2002 – 2003, including a decrease in the budget allocation from Sfr 52,338,000 by Sfr 2,514,000 to Sfr 49,824,000.

[Annexes follow]

ANNEXI

WIPONEWCONSTRUCTIONPROJECTANDTHEEVALUATIONREPORTOFTHESWISSFEDERALAUDITOFFICE

A. Previous Events

1. In September 1998, the General Assembly of the Member States approved the allocation of an amount of Sfr 82,500,000 for the construction of a new building (see document WO/GA/23/5). This amount consisted of the preliminary estimated costs for the construction amounting to Sfr 74,000,000 and the costs of organizing the international architectural competition, the development of detailed buildings specifications, and the expenses for furniture and equipment for new office building, amounting to Sfr 8,500,000. The buildings specifications included 500 workplaces, a new 600-seat conference room and 580 parking spaces.
2. WIPO organized an international architectural competition and selected Behnisch, Behnisch and Partner ("BB&P") in March 2000 (see paragraphs 18 to 25 of document WO/GA/26/8). Negotiations with the BB&P were undertaken from March 2000 through August 2000. Together with the BB&P, through tenders in March 2001, WIPO assembled a team of several engineering companies. They assisted WIPO and BB&P in preparing project specifications in the areas of electricity, sanitary, ventilation, air conditioning and civil engineering necessary to obtain the building permits from the Geneva authorities.
3. After examining the budgetary implications of the winning concept and taking also into account the increases in construction costs in Geneva, it was realized that the indicative budget decided in July 1998 was grossly underestimated. In particular, the requirement of a building volume of 220,000 cubic meters of the winning design concept was a major element that would need to be reflected in a revised cost estimate. The required budget increase to realize the winning design concept was of such a magnitude that warranted a reconsideration of the project budget concept. Prior to launching the tender process for the general contractor, the General Assemblies of the Member States (hereinafter referred to as the Assemblies) were requested to express their preference on how to proceed on the basis of four options identified in document WO/PBC/4/3. These options range from the project specification of the winning design to developing a new building concept in accordance with the approved budget.
4. At its twenty-seventh session, held from September 24 to October 3, 2001, the Assemblies requested the Federal Audit Office of the Swiss Confederation to conduct an evaluation of the project of the construction of a new building. The General Assembly also requested the Secretariat to proceed with administrative and planning arrangements for the construction project, on the condition that these do not foreclose any option that may emerge from the evaluation.

B. Developments Since September 2001

5. Immediately after the Assemblies' meeting in September/October 2001 (see paragraph 155 of document WO/GA/27/8 and paragraph 2(i) to (v) of document WO/GA/27/4), the Secretariat of WIPO started consultations with Member States and the

Federal Audit Office. As a result of those consultations and in accordance with paragraph 2(i) of document WO/GA/27/4, the Federal Audit Office engaged several external experts in February 2002 and started the evaluation of the new construction project in March 2002. In March and April, the Secretariat provided the Federal Audit Office with several written submissions containing information relevant to the evaluation (see WIPO Inputs Reports I and II reproduced as Annexes to the evaluation report, document WO/PBC/5/3). In March, the Secretariat also organized a visit for external experts to see the current technical facilities and conference rooms at the WIPO headquarters building.

6. As requested by the Assemblies (see paragraph 2(iv) of document WO/GA/27/4), the Secretariat held a meeting with the regional coordinators in January 2002 and presented a document of legal liabilities and further steps to be taken.

7. In view of the technical complexity of the evaluation, the Federal Audit Office proposed a revised timetable, which was agreeable to regional coordinators. The meeting of the Program and Budget Committee was rescheduled to take place in September 2002 (instead of in April 2002 as originally planned) at which the Federal Audit Office and the external experts will be requested to present their evaluation report. To keep regional coordinators informed of the progress of the evaluation, the Secretariat organized several meetings with the regional coordinators and the Federal Audit Office between November 2001 and July 2002.

8. In parallel with the evaluation (see paragraph 2(v) of document WO/GA/27/4), the Secretariat proceeded with administrative and planning arrangements for the construction project. In November 2001, a project proposal based on the winning design was deposited with the Geneva authorities for its approval. In March 2002, the Secretariat received a general estimator "Devis Général" from the architect which contained draft technical specifications of the project.

9. On June 24, 2002, the Director General of WIPO received the evaluation report from Mr. Grüter, the Auditor General of the Federal Audit Office (see document WO/PBC/5/3).

C. Conclusion of the Evaluation by the Swiss Federal Audit Office

10. The evaluation report is comprehensive, precise and clear in response to the mandate as decided by the Assemblies. The Federal Audit Office verified and used some data contained in WIPO submissions for the analysis and updating of the requirements of WIPO. Table 1 below shows a comparison between the conclusions drawn in the evaluation report and the requirements approved at the twenty-third (10th extraordinary) session of the General Assembly in September 1998.

11. The evaluation report has verified and confirmed the requirements of WIPO for additional workplaces and estimated them to be between 427 and 612 for the new construction, or an averaged demand for 500 places (see paragraph 13), based on the projected scenarios of future workspace requirements of WIPO. Concerning the conference hall, the evaluation report recommended that a room with a capacity in excess of 600 seats (650 seats) should be the best option if WIPO decides to construct a conference hall (see paragraphs 47 and 66) in view of its demonstrated need (see document "WIPO Inputs for the Evaluation of the Building Project by the Swiss Federal Audit Office, Report II" for more details).

Table 1: Summary of the Conclusions

Components	Approval at the General Assembly in September 1998	Conclusions of the Evaluation Report
New Office Building	At least 500 workplaces	Needs in 2007 are estimated to be between 427 and 612 workplaces, whereas the maximum capacity of the design of the new building is 554 workplaces (a shortfall of 60 workplaces); it is considered possible to add 60 workplaces without changing the global design (see paragraphs 13, 16, 17, 63 and 75).
New Office's underground parking places	Some 300 underground parking spaces (the local district plan or the "PLQ" currently permits some 280 parking places only)	In the case of an optimistic forecast, the estimated requirements for parking places (265) could be covered by the construction of 280 underground parking places in the new building, on the assumption that 275 parking places continue to be rented at the P & G building. In the case of a pessimistic forecast, the P & G building is no longer rented and the estimated requirements for parking places (387) would need to be accommodated by increasing parking places by 107 (387 - 280 = 107). The increase is considered possible, if parking places are rearranged and storage spaces are converted into parking places (see paragraphs 14, 16, 21, 63, 75, 158, 159 and 180). In both forecasts, an additional 280 parking places for delegates and visitors are not recommended, as they do not seem to be justified (see paragraphs 12, 15 and 68).
Additional Parking Places	280 parking places	
New Conference Room	A 600 seating capacity	a 650 seating capacity, if the conference room is to be constructed (see paragraphs 47 and 66)
Other technical facilities	The latest IT facilities and a 300-seat cafeteria, reception areas, storage areas, technical and service areas, and related facilities	Possible removal of supplementary storage space to save up to Sfr 20 million (see paragraphs 15, 20 and 68) and possible improvement to adopt alternative solutions for technical facilities (see paragraphs 31, 71 and 75).

12. In light of the above recommendations and WIPO's future workspace requirements, the evaluation report has further concluded that it should be possible, among others, (i) to add 60 more workplaces in the administrative building to a total of 560 places with a view to fulfilling the requirements (see paragraphs 63 and 75), (ii) to add 50 seats in the conference to a total of 650 seats by rationalizing the arrangement of either space or desk areas and to make the conference hall divisible into two halls of 450 and 200 seats each (see paragraphs 47 and 66), (iii) to delete the additional parking/storage facilities (see paragraph 68) and (iv) to upgrade technical facilities (see paragraphs 288 to 298). In addition, the evaluation report concluded that the alternative to a new WIPO-owned conference hall, namely the renting of

outside facilities, would appear more economical. The conference hall could be supported, however, in light of the objectives and future needs of WIPO as well as the convenience and independence that such a facility affords (see paragraph 66).

13. The evaluation report indicated that previous project estimates of Sfr 180,000,000 presented in document WO/PBC/4/3 in July 2001 were realistic. With regard to the initial estimates of Sfr 82,500,000 approved in 1998, the evaluation report confirmed the previous understanding that those estimates were underestimated. It indicated further that the surface and volume of the new office building have almost doubled from those in the initial concept (see paragraphs 55, 57 to 60, and 73 of the evaluation report). The costing of the project concept was updated in the context of the evaluation and provided for an additional Sfr 34,000,000 to cover mainly new cost elements such as secondary fees, management fees, and, most importantly, 10 percent contingencies for construction costs in accordance with the Swiss Association of Engineers and Architects (SIA) standards (see paragraph 67). As a result, the total budget increased from Sfr 180,000,000 to Sfr 214,000,000. Due to the suggested project modifications, a budget reduction of Sfr 23,500,000 (see paragraphs 68 and 69 of the evaluation report) was introduced resulting in the total recommended budget of Sfr 190,500,000.

[Annex II follows]

ANNEXII

UPDATE OF WIPO PREMI SES PLAN 2002 - 2009

A. Building Management at WIPO

1. WIPO building management under the Main Program 18 of the Program and Budget 2002-2003 focused on providing, managing and maintaining the workspace requirements for the Secretariat, as well as serving as the in-house focal point for matters concerning construction activities. Activities continued to increase due to the growth in the number of staff as well as the on-going maintenance and modernization of existing buildings, the renovation of the ex-WMO building and the development of the new construction project. To reinforce the management of the building projects, in 2001 the Director General had set up a special task force in charge of overall management. The task force was chaired by a senior management staff member and composed of Directors of relevant Divisions and the Controller.

2. Under Main Program 18, a policy of diligence, allowed the management to conduct continuous building maintenance, on WIPO's properties, whether leased or owned. Work was performed to update or augment technical capabilities in WIPO-owned buildings, such as air-conditioning control, emergency systems, technical security aspects, increased supply capacity of the electrical system and etc. For the P&G and UC (leased properties), extensive renovation work had to be effected, such as the relocation of wall panels to reconstitute offices; augmenting electrical power supply cables and control panels, resulting in a sure and powerful system; and improving the totality of computer network cables. The renovation of the ex-WMO building has made a significant progress. According to the current plan, it will be completed and ready for staff member to occupy in the second quarter of 2003. Information on WIPO-administered premises and facilities by individual buildings, is contained in "WIPO Inputs for the Evaluation of the Building Project by the Swiss Federal Audit Office, Report I" (referred to here as "Report I").

B. Update of Working Space Requirements and Availability

3. WIPO's requirements for workplaces are estimated to grow, as the number of WIPO employees is anticipated to increase as a result of the increasing demands from Member States and the market sector for more effective protection of intellectual property. It is recalled that the most recent update of the premises plan was provided in the Program and Budget for the present biennium, according to which the requirements for workplaces for April 2007 were estimated to be 1,772 (see paragraphs 422-427 and table 22 of document WO/PBC/4/2). In early 2002, a new set of projections was made as part of the audit review of the new construction project by the Federal Audit Office. These projections, which were elaborated by the Secretariat of WIPO and based on two different scenarios (conservative or optimistic (see paragraphs 58 to 82 of Report I), have estimated the working space needs in the year 2007 in the range of 1,622 - 1,866 places. However, the above forecast has been revisited again during 2002 to come to single annual benchmark figures for the period up to 2009. This was done in order to facilitate the finalization of the remaining design work for the new construction project.

4. The updated forecasts of WIPO's future needs in workplaces have taken into account actual and projected activity levels in WIPO's registration systems, such as PCT, Madrid, Hague systems and Mediation and Arbitration Centers as well as projected growth in other sectors of the Organization. Details on forecasted growth of WIPO's activities and services from 2000 to 2009 by various units can be found in Section IV of the evaluation report.
5. The workplace requirements include workplaces for WIPO staff members, short-term employees, consultants, interns and outside contractors, etc. In addition, forecasts take into account future increases in WIPO staff numbers due to higher registration activity levels through the application of "flexibility clauses." Reserves required for the effective management of workplaces have been calculated at 5 percent in line with earlier forecasts.
6. The updated workplace requirements are provided in table 1 below. The actual needs in workplaces as of June 2002 are estimated at 1,490 workplaces. This figure is slightly higher than the corresponding projection made in June 2001 (see Program and Budget 2002-2003) which estimated the need of 1,474 workplaces for April 2002. However, it should be noted that the above figure did not take into account provisions for external contractors (around 50 in June 2002) and required reserves (estimated at 71 in June 2002).
7. As shown in table 1, WIPO's needs in workplaces are now estimated at 1,570 workplaces in 2003, an increase by 5.4 percent from 2002. However, such growth will subside significantly to an average of 2.1 percent annually during 2003-2009 due to efficiency gains derived from the introduction of the IMPACT automation project in 2004 and projected decelerated growth in WIPO registration activities (see Sections IV.A on income 2000 to 2009 for more details). In 2004, the need is estimated at 1,470 workplaces, a decrease by 6.4 percent from a previous year. In 2007, 1,640 workplaces would be required. WIPO's needs for 2009 are estimated at 1,770 workplaces, an increase by 4.1 percent from 2008 and by 18.8 percent from 2002. Overall, the average growth during 2002-2009 is estimated at 2.9 percent per annum.
8. The figures on workplace availability are shown in table 1 by individual buildings and by year. As shown in table 1, the current availability at WIPO-owned facilities amounts to 560 workplaces or 37.6 percent of total requirements. As a result of the limited space available, the Secretariat has to cram some 570 employees into the WIPO-owned facilities (see paragraph 26 of Report I). This situation is expected to normalize once the existing WMO building becomes available with 450 places in 2004. At this stage, WIPO will own 1,010 workplaces or 68.7 percent of total requirements. However, as working space requirements grow further, the WIPO-owned facilities will provide only 63.5 percent of total requirements in the year 2006. Therefore, the new building with its 560 workplaces will constitute an essential part of WIPO's premises allowing it to meet 95.7 percent of the total requirements of 1,640 places in 2007 in its owned facilities (the capacity of 560 workplaces is in accordance with the evaluation report, see paragraph 63). As a result, important savings can be secured due to the discontinuation of rental costs. The need for the new construction has been confirmed by the evaluation report, in view of projected scenarios in regard to future work space requirements, underlying its importance as a condition for the significant reduction in rented premises.
9. As of June 2002, WIPO rents a total number of 1,044 workplaces, of which 1,029 are located in nine different buildings around Geneva, including the most recent addition on avenue Bude, Casai and G. Mottastreet. With the addition of 450 owned places at existing WMO building, it would be possible to discontinue as of January 2004 the rental of three buildings, namely UC, Sogival and IOM, for a total of 204 workplaces and reduce the rental at

P&G building from 430 to 200. The further significant reduction of rentals will be achieved in 2007 when the new construction is completed. This will allow the discontinuation of rentals in Chambésy, Casai and G. Motta buildings, while reducing the rental at the P&G building from 200 to 100. The rentals in the CAM building are currently assumed to be fully maintained through 2009. As a result, it is estimated that WIPO will rent in 2009 a total of 255 workplaces, including 240 places in Geneva at two buildings, P&G and CAM. If current projections and workplace availability scenarios materialize, WIPO's workspace needs will be fully met during 2002-2008, with the exception of 2006, through a mix of owned and rented premises as shown in table 1. As the new WIPO-owned buildings become available, some excess capacity in workplaces is anticipated, and efforts will be made to sub-lease such excess capacity provided that the actual requirements are no higher than expected. On the other hand, if shortages are experienced, they could be dealt with, whenever feasible, through internal arrangements. It is expected that the new building would provide a certain degree of flexibility, if required, in the rationalization of workplace configuration due to its unique architectural design and internal arrangements.

10. Total rental costs are projected to amount to around Sfr 16,000,000 in 2002. These costs will decrease to Sfr 9,900,000 in 2004, a reduction by Sfr 6,100,000 or 38.1 percent. With the new construction available from 2007, the rental costs will amount to Sfr 3,700,000 by 2009, a reduction of Sfr 12,300,000 or 76.9 percent from current levels. Moreover, with the discontinuation of the use of different buildings around Geneva and the use of co-located facilities, reductions in a number of general operating costs can be anticipated.

C. Update of Parking Space Requirements and Availability

11. The estimation of WIPO's requirements in parking spaces has been modified from earlier forecasts to reflect a 66/100 parking space/workplace ratio recommended by the Federal Audit Office, as opposed to a 80/100 ratio that the Secretariat suggested. On this basis, parking space requirements amount to 983 in June 2002 and increase to 1,168 by 2009 as outlined in table 2. WIPO-owned facilities are limited to 239 parking spaces, supplemented by 911 rented parking spaces in June 2002. The total cost for parking rentals amount to around Sfr 1,500,000 in 2002.

12. The availability of parking spaces is closely linked to facilities made available as part of office rentals. In addition, public spaces are available at the United Nations parking. With WIPO-owned offices becoming available, rented facilities and the associated rental parking spaces will be discontinued. The new WMO building is expected to provide 180 parking spaces which correspond only to 40.0 percent of total working spaces (subject to change depending on the final technical adjustments). The new construction would provide 280 parking spaces or 50 percent of workplaces. Flexibility with regard to the United Nations parking is limited. WIPO was recently informed that the facility is already close to be fully utilized by mid-2002. Moving from rented to WIPO-owned workplaces will therefore make it increasingly difficult to meet the desired level of parking spaces corresponding to the 66 percent of workplaces. WIPO-owned parking spaces are expected to increase to 699 in 2007, including 280 spaces in the new construction project and will meet 59.8 percent of total requirements in 2009. It appears possible to rent additional 407 parking spaces by 2009, leaving a shortfall of 62 places. It should be noted that this calculation does not include any facilities for delegates and visitors.

Table1.WorkplaceRe quirementsandAvailability

Date	A. Workplace Requirement	Workplaceavailability																				Balance E=D-A	
		B.WIPO -ownedfacilities					C.Rentedfacilities																TOTAL D=B+C
		AB	GBI	GBII	Ex-WMO	New building	Total,B	P&G	UC	CAM	Chambésy	Sogival	IOM	Bude	Casai	G.Motta	DCIL, NY	Washingto n	Brussels	Total,C			
Jun.2002	1,490	270	170	120	--	--	560	430	170	140	55	30	4	50	80	70	11	2	2	1,044	1,604	114	
Jan.2003	1,570	270	170	120	--	--	560	430	170	140	55	30	4	50	80	70	11	2	2	1,044	1,604	10	
Jan.2004	1,470	270	170	120	450	--	1,010	200	--	140	55	--	--	50	80	70	11	2	2	610	1,620	150	
Jan.2005	1,510	270	170	120	450	--	1,010	200	--	140	55	--	--	--	80	70	11	2	2	560	1,570	60	
Jan.2006	1,590	270	170	120	450	--	1,010	200	--	140	55	--	--	--	80	70	11	2	2	560	1,570	(20)	
Jan.2007	1,640	270	170	120	450	560	1,570	100	--	140	--	--	--	--	--	--	11	2	2	255	1,825	185	
Jan.2008	1,700	270	170	120	450	560	1,570	100	--	140	--	--	--	--	--	--	11	2	2	255	1,825	125	
Jan.2009	1,770	270	170	120	450	560	1,570	100	--	140	--	--	--	--	--	--	11	2	2	255	1,825	55	

Table2.ParkingSpaceRequirementsandAvailability

Date	A. Parking Space Requirements	Parkingspaceavailability															Balance E=D-A	
		B.WIPO -ownedfacilities					C.Rentedfacilities											TOTAL D=B+C
		AB	GBI	Ex-WMO	New building	Total,B	P&G	UC	CAM	Chambésy	Sogival	Nations	Bude	Casai	G.Motta	Total,C		
Jun.2002	983	215	24	--	--	239	275	80	109	52	35	238	27	65	30	911	1,150	167
Jan.2003	1,036	215	24	--	--	239	275	80	109	52	35	238	27	65	30	911	1,150	114
Jan.2004	970	150	24	180	--	354	120	--	109	52	--	238	27	65	30	641	995	25
Jan.2005	997	150	24	180	--	354	120	--	109	52	--	238	--	65	30	614	968	(29)
Jan.2006	1,049	150	24	180	--	354	120	--	109	52	--	238	--	65	30	614	968	(81)
Jan.2007	1,082	215	24	180	280	699	60	--	109	--	--	238	--	--	--	407	1,106	24
Jan.2008	1,122	215	24	180	280	699	60	--	109	--	--	238	--	--	--	407	1,106	(16)
Jan.2009	1,168	215	24	180	280	699	60	--	109	--	--	238	--	--	--	407	1,106	(62)

13. The Federal Audit Office concluded in its evaluation report that no sufficient justifications were demonstrated by WIPO either for additional storage or delegates' parking spaces (see paragraph 68). However, in addition to previous proposals (see paragraphs 32 to 38 of document WO/GA/23/5), the premises plan indicates that it will not be possible to satisfy the minimum requirements already in 2005. Additional facilities, as already foreseen in the previous project plan, could meet the excess demand and provide adequate parking spaces for delegates and visitors.

[End of Annex II and of document]