

Assemblies of the Member States of WIPO

Fifty-First Series of Meetings
Geneva, September 23 to October 2, 2013

CAPITAL MASTER PLAN

Document prepared by the Secretariat

1. The present document contains the Capital Master Plan (document *WO/PBC/21/18*), which is being submitted to the WIPO Program and Budget Committee (PBC) at its twenty-first session (September 9 to 13, 2013).
2. The recommendation of the PBC in respect of this document will be included in the “Summary of Decisions and Recommendations Made by the Program and Budget Committee at its Twenty-First Session (September 9 to 13, 2013)” (document *A/51/14*).
3. The Assemblies of the Member States of WIPO and of the Unions administered by it, each as far as it is concerned, are invited to approve the recommendation made by the Program and Budget Committee in respect of document *WO/PBC/21/18*, as recorded in *document A/51/14*.

[Document *WO/PBC/21/18* follows]

Program and Budget Committee

Twenty-First Session
Geneva, September 9 to 13, 2013

CAPITAL MASTER PLAN

Document prepared by the Secretariat

1. At its twentieth session (July 8 to 12, 2013) the Program and Budget Committee (PBC) reviewed the proposed Capital Master Plan (CMP) and the seven projects proposed for funding from the Organization's reserves as contained in document WO/PBC/20/5. The PBC requested the Secretariat to submit a revised version of document WO/PBC/20/5 to the PBC's 21st session, taking due consideration of the comments made.
2. In line with the above, this document has been revised to reflect the following specific changes:
 - (a) The CMP is clearly presented as a comprehensive and sustainable plan for the Organization's foreseen capital expenditure needs, regardless of the latter's source of funding. Further clarification is provided regarding the relationship between the various sources of funding employed, and related explanation is also given in the proposed Program and Budget for the 2014/15 Biennium¹;
 - (b) Additional clarification is provided with respect to the reserve balances available for funding the seven proposed projects, together with the appropriate cross-references and information made available in WO/PBC/21/7 Status of the Utilization of Reserves; and
 - (c) The individual project proposals annexed to this document have been further enhanced in respect of the details provided regarding their compliance with the principles established for the utilization of the Organization's reserves.

¹ Please see also WO/PBC/21/8 Proposed Program and Budget for the 2014/15 Biennium.

INTRODUCTION – WIPO’S CAPITAL MASTER PLAN (CMP)

3. The question of mid- to long-term capital investment for major renovations and upgrading of premises and their surroundings has had to be considered in recent years by a number of United Nations (UN) Agencies, in particular the UN in New York, the UN Office at Geneva (UNOG), the World Trade Organization (WTO), the International Labour Organization (ILO), etc. It has therefore become a UN-wide issue of relevance and interest as ageing buildings, facilities and systems are in more and more urgent need of attention.

4. Furthermore, initiatives for renovations and upgrading of buildings can provide the opportunity for reducing the environmental footprint of UN activities, thus contributing to achieving a UN-wide objective of “Greening the Blue” – an initiative pursued under the auspices of the Chief Executives Board (CEB), with the ongoing involvement of the High-Level Committee on Management (HLCM) and United Nations Environment Programme (UNEP).

5. The PBC, during its eighteenth session in September 2011, considered and took note of WIPO’s capital planning and management framework². In this context, capital expenditures and investments were defined as the “purchase of fixed assets, or the costs of major renovations or upgrades of assets, such as buildings, equipment, vehicles or larger information technology projects, which are implemented with the aim of enhancing the efficiency of the administrative and financial support structure to enable WIPO to deliver its programs (Strategic Goal IX) beyond a single financial period”. The focus in the document was on the management and implementation of individual capital expenditure projects, rather than on a comprehensive and integrated plan of such projects for the Organization over the medium to longer term.

6. Within the context of the Secretariat’s continued pursuit of the further improvement of financial management and controls, and building upon the results of the initiatives for strengthened management of financial resources launched under the Strategic Realignment Program (SRP), the first view of a detailed and sustainable CMP has now been drawn up for the Organization, covering the following three biennia, from 2014 to 2019.

7. The CMP provides the basis for a comprehensive rolling six-year plan covering the Organization’s capital expenditure needs in respect of information and communications technology (ICT), buildings, and safety and security related projects, with assigned priorities as well as resource estimates for both one-time investment costs, as well as the operating/recurring cost implications of these projects. The CMP will be reviewed and updated regularly, in order to ensure that it remains relevant and accurate as a planning tool. The Assistant Director General for Administration and Management is responsible for the regular review and update of the CMP.

8. The purpose of the CMP is threefold: (1) to ensure the timely planning for and comprehensive overview of required capital investments in order to ensure that WIPO remains fit for purpose; (2) to thus reduce the need for reactive and emergency repairs; and (3) to eliminate or mitigate environmental, security, health and/or safety risks.

² Please see document WO/PBC/18/16 – WIPO’s Capital Planning and Management Framework.

Overall summary of Capital Master Plan requirements submitted 2014-2019*amount in thousands of Swiss francs*

	2014	2015	2016	2017	2018	2019	TOTAL
ICT related projects	1,150	1,514	2,029	705	-	-	5,397
Buildings related projects	1,960	6,650	14,700	12,600	-	-	35,910
Safety/Security related projects	100	100	1,274	332	100	-	1,907
TOTAL	3,210	8,264	18,003	13,637	100	-	43,214
<i>Operating/recurring cost implications for the regular budget</i>	76	94	825	1,510	1,470	1,397	5,372

9. The CMP overall reflects resource estimates for capital expenditure projects totaling approximately 43.2 million Swiss francs over the next six years, with estimates for expenditures indicated by year. In compiling the CMP, care has also been taken to ensure that all projects, irrespective of their source of funding, give due consideration to the implications of both the one-time project implementation costs, as well as the related and consequent operating/recurring costs which the Organization will have to absorb and baseline into its operating budget. These costs have also been included in the CMP and are illustrated in the table above.

10. As noted in the summary table above, projects have been categorized under the headings of "ICT related projects", "Buildings related projects" and "Safety/Security related projects". The most significant portion of the total amount of capital expenditures foreseen for the next three biennia is for Buildings related projects, totaling an estimated 35.9 million Swiss francs, and representing 83 per cent of foreseen needs. Of course, the maintenance of buildings and fixtures requires regular review and intervention, which has always been and continues to be accommodated out of operating expenses from the regular budget. However, there is a need for certain one-time investments over time also, in order to address the use and ageing of buildings. The CMP foresees certain major refurbishment and other works required on WIPO's buildings.

11. In order to manage the implementation of projects in time, as well as to ensure that funding is requested and committed at a reasonable pace, all projects are assigned a priority, which will be a key consideration in assessing their readiness for implementation, as well as the need for and source of funding. Priorities have been assigned to projects according to the following categories:

- (a) **Priority A:** Projects in this category will require immediate and urgent implementation, either due to their strategic importance for the Organization, or as a result of the high risk they may represent for maintaining operations, security, health and/or safety of staff and properties.
- (b) **Priority B:** Projects in this category will be relatively important to implement, as they may address efficiency issues, environmental concerns, and/or generate cost efficiency gains. If not implemented, they represent medium high risk to security, health and/or safety. There may be increased costs due to deferral of works.
- (c) **Priority C:** Projects in this category will be those which are low risk to security, health and/or safety if not implemented. They may represent the introduction of technology that will increase cost efficiency over the long term.

FUNDING THE CMP OVER THE MEDIUM TERM

12. As indicated, the CMP is a comprehensive plan for WIPO's foreseen capital expenditure needs, regardless of the source of funding used. It is emphasized that projects which are for maintenance related expenses, or are of a regular and/or repetitive nature are not part of the CMP and are routinely included as part of the Organization's Program and Budget proposals.

13. When are capital expenditure projects proposed for funding from the Organization's reserves? At their meeting of September 2010, the Assemblies approved the policy on the use of the Organization's Reserves³, which clearly set out three principles for the utilization of reserves. There are two unequivocal requirements under these principles which are that (i) the amounts should be available in the reserves above the target level required; and (ii) the reserves may only be used for "extraordinary, one-time expenditures, such as capital expenditures and strategic initiatives" and are not to be used for recurring, operational activities. The third principle underscores the possible multi- and/or cross-biennial nature of projects funded under the reserves, which in turn requires funding to be allocated and available beyond the single biennial timeframe.

PROPOSAL FOR RESERVE FUNDING FOR CERTAIN CMP PROJECTS

14. In line with the considerations described above, the following Priority A projects included in the CMP are proposed for funding from available Reserves.

Capital Master Plan 2014-2019 - Reserve Funding Proposal									
<i>Amount in thousands of Swiss francs</i>									
Items	Priority	2014	2015	2016	2017	2018	2019	TOTAL CMP	TOTAL operating/ recurring
<u>ICT related projects</u>									
Security enhancement: data encryption and user management	A	150	350	200	-	-	-	700	
<i>Operating/recurring costs estimated per annum, as a result of completion of investment proposed</i>		-	-	250	450	410	360		1,470
Enterprise Content Management (ECM) Implementation	A	1,000	874	194	-	-	-	2,068	
<i>Operating/recurring costs estimated per annum, as a result of completion of investment proposed</i>		76	94	575	585	585	585		2,500
Sub-total ICT related projects		1,150	1,224	394	-	-	-	2,768	
<i>Operating/recurring costs estimated per annum, as a result of completion of investment proposed</i>		76	94	825	1,035	995	945		3,970
<u>Buildings related projects</u>									
Renovation of the facades and cooling/heating installation of the PCT Building	A	1,000	3,000	2,000	-	-	-	6,000	
Deployment of Geneva Lake Water ("GLN") cooling system to AB and PCT Buildings	A	200	550	-	-	-	-	750	
Arpad Bogsch Building – phase 1 of basement renovation (resizing of data center and renovation of the printshop)	A	460	500	-	-	-	-	960	
Arpad Bogsch Building – replacement of certain windows	A	300	-	-	-	-	-	300	
Sub-total Buildings related projects		1,960	4,050	2,000	-	-	-	8,010	
<u>Safety/Security related projects</u>									
Safety and Fire Protection Measures	A	100	100	100	100	-	-	400	
Sub-total Safety/Security related projects		100	100	100	100	-	-	400	
Total One-time cost by year		3,210	5,374	2,494	100	-	-	11,178	
<i>Total Operating/recurring cost by year</i>		76	94	825	1,035	995	945		3,970

³ Please see document A/48/9 Rev. - Policy on Reserve Funds and Principles Applied in Respect of the Use of Reserves.

15. Each of the projects included on the list above has been described in further detail in the Annex to this document and provides:

- A description of project objectives and expected results;
- The contribution of the project to the Organization's expected results;
- An overview of the resources required for project implementation by year;
- An indication of the proposed reporting mechanism to Member States on the specific projects; and
- A detailed presentation of the justification for why the respective projects are seen to be appropriate to propose for reserve funding.

16. Out of the total 43.2 million CMP, the total estimated one-time cost of the proposed seven projects is approximately 11.2 million Swiss francs, which are proposed to be funded from available reserves. Additional operating/recurring costs of 3.97 million Swiss francs are envisaged to be required to be funded from the regular budget of the Organization over the next three biennia. For those projects to be implemented in 2014/15 and where there are related operating/recurring costs in the same biennium, these are already included in the 2014/15 Program and Budget proposals.

17. The first principle set out for any use of the reserves is that amounts are available above the reserve target level. The preliminary financial results for the Organization were presented in WO/PBC/20/INF.1, illustrating reserve levels as of the end of 2012.

18. Further details on the utilization of reserves as of the end of 2012 are presented in document WO/PBC/21/7 Status of the Utilization of Reserves, together with the proposed appropriation by union for the seven projects to be funded under the CMP. It is recalled, that in accordance with the figures presented previously and shown in the table below, 21 million Swiss francs are currently available above the required reserve target level, after taking due consideration of remaining balances to be spent under already approved reserve funded projects.

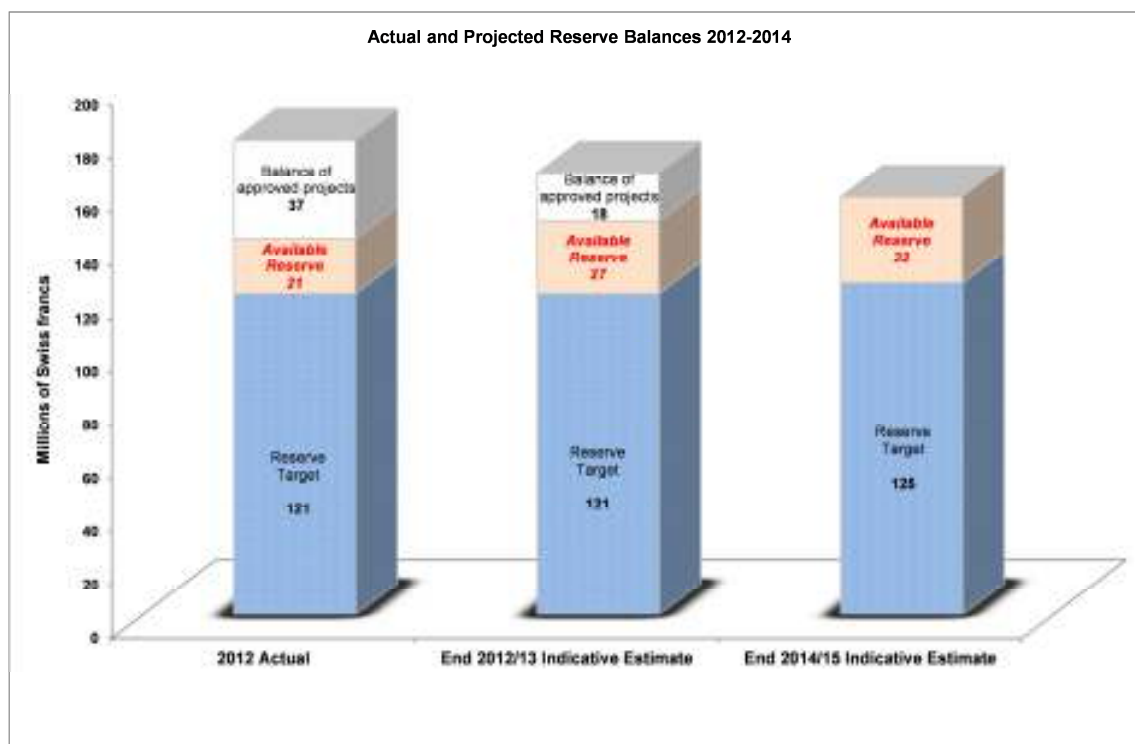
Results 2012
(in millions of Swiss francs)

	2012 Results
Income	345
IPSAS adjustments to Income	(15)
INCOME after IPSAS adjustments	330
EXPENDITURE	290
IPSAS adjustments to Expenditure	14
EXPENDITURE after IPSAS adjustments	304
Operating Result	26
Reserve Expenditure	
Special Project (Reserve) Expenditure	15
IPSAS adjustments to Reserve Expenditure	(5)
Sub-total, Reductions from Reserves	10
Overall Result after Reserve Expenditure	16
RWCF, beginning balance	163
RWCF, ending balance	178
RWCF Target	121
Approved reserve projects (unspent balance)	37
RWCF Balance	21

Differences may be due to rounding

19. The Secretariat has prepared estimates for the indicative level of reserves available over the coming biennium. These prudent estimates take into account projected income and expenditure as well as IPSAS adjustments, and also take due consideration of efficiency gains foreseen to be achieved.

20. As illustrated in the chart below, the proposed funding of 11.2 million Swiss francs for the seven CMP projects can be absorbed without affecting the required target level of reserves, as the projected balances can prudently accommodate the expenditures under the proposed projects.



21. The status of reserves as of the end of 2012 following the proposed appropriation of 11.2 million Swiss francs is illustrated in the table below, which is also presented in document WO/PBC/21/7 Status of the Utilization of Reserves.

Overview of Reserves and Working Capital Funds (RWCF) by Union
(in thousands of Swiss francs)

	CF Unions	PCT Union	Madrid Union	Hague Union	Lisbon Union	Total
RWCF, End 2012	21,756	113,391	48,306	(4,255)	(959)	178,239
<i>Loan from Madrid to Hague</i>			(3,000)	3,000		-
RWCF, Jan 2013	21,756	113,391	45,306	(1,255)	(959)	178,239
Appropriations already approved, not yet spent	1,902	22,704	10,095	2,159	30	36,891
RWCF after approved appropriations, Jan 2013	19,854	90,687	35,211	(3,414)	(989)	141,348
2012/13 RWCF Target	18,234	73,128	27,355	1,875	-	120,591
RWCF balance available above target	1,620	17,559	7,856	(5,289)	(989)	20,757
Proposed projects under the Capital Master Plan	670	7,260	3,248	-	-	11,178
RWCF balance	950.21	10,299	4,608	(5,289)	(989)	9,579

22. The rolling review of the CMP will ensure that all projects included on the CMP are kept under close review, with new projects reviewed thoroughly for compliance with the definition of capital expenditures as well as assessment of the most appropriate source of funding, including eligibility for financing from reserve funding.

23. *The Program and Budget Committee is invited to:*

(i) endorse the principles under which projects have been and will be included in the Organization's Capital Master Plan, as set out in the present document; and

(ii) recommend to the Assemblies of the Member States of WIPO to approve the funding of the projects presented in the Annex to this document, for a total estimated amount of 11.2 million Swiss francs.

[Annex follows]

CAPITAL MASTER PLAN PROJECT PROPOSALS FOR RESERVE FUNDING

1. Security enhancement: data encryption and user management
2. Enterprise Content Management (ECM) Implementation
3. Renovation of the facades and cooling/heating installation of the PCT building
4. Deployment of Geneva Lake water ("GLN") cooling system to AB and PCT Buildings
5. Arpad Bogsch Building – phase 1 of basement renovation (resizing of data center and renovation of the printshop)
6. Arpad Bogsch Building – replacement of certain windows
7. Safety and Fire Protection Measures

Capital Master Plan Project Proposal for Reserve Funding

1. Project: Security enhancement: data encryption and user management
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1. Project objectives and expected results:

This project serves three primary objectives – protecting the essential data, enabling more cost-effective sourcing options, and holistically managing user access rights.

WIPO has already taken multifaceted approaches in protecting confidential information. These approaches include traditional perimeter defense mechanisms, security information and event management system, intrusion detection and prevention etc. However, in response to increasingly sophisticated security threats, information security best practices have now also put emphasis on protecting the source directly.

In addition, having cost-effective sourcing options available is a necessity in today's world of information technology management, which expects diversified and rapidly changing competencies on the one hand and the ability to quickly mobilize the workforce in respond to changing business priorities on the other. However, the increase of sourcing options also brings the increase of information security exposures.

Enterprise data encryption technologies can provide effective solutions in response to these two challenges. Such solutions complement other information security measures by encrypting the data source. They also allow more flexibility in choosing cost-effective service providers by keeping the encryption under tight control while enabling the service providers to perform their support functions.

Effective access rights management further compliments the investments in enterprise data encryption solutions. Traditionally, access rights management is focused on systems. That is, given a system, it should be clear who has access to what. This mechanism can be effective when number of users and software applications are relatively small.

However, it is expected that, as WIPO continues to enhance its online services, number of users will steadily increase in the coming years. Investments are needed for solutions that focus the access rights management on users. That is, given a user, it should be clear what access rights the user has across the entire spectrum of the systems.

In future, technologies may become even more mature to manage access rights according to users' roles within and across complex systems, such as ERP. At present, it is difficult to forecast where and how such technologies will evolve. Therefore this has not been included as part of the scope of this project.

2. Contribution to biennial Organizational result

IX.1 Effective, efficient, quality and customer-oriented support services both to internal clients and to external stakeholders

Implementing data encryption and user management would enhance WIPO's ability to respond to increasing information security threats, while allowing more cost-effective sourcing options to be considered and increasing number of user access rights to be comprehensively managed.

3. Financial resources required for project implementation by year

Items	Budget Costs <i>in thousands of Swiss francs</i>						TOTAL
	2014	2015	2016	2017	2018	2019	
1. License, license maintenance	35	130	130				295
2. Encryption appliance, hardware	65	150	40				255
3. Consulting	30	20	10				60
4. Project Management	20	50	20				90
Total requested for funding	150	350	200	-	-	-	700
<i>Operating/recurring costs, to be included in respective biennial regular budgets</i>			250	450	410	360	1,470

4. Reporting mechanism to Member States:

The project will be reported on through progress reports to PBC and Assemblies.

5. Reserve funding criteria⁴ met?

Principle 1: amounts available in the Reserves above the target level required

The criterion is met. - See also paragraphs 18 to 21 of the main body of the present document.

Principle 2⁵: use is for extraordinary, one-time expenditures, such as capital expenditures and strategic initiatives (not to be used for recurring, operational activities)

The criterion is met. - The delivery of WIPO's core services to clients globally requires reliable and secure ICT platforms and infrastructure to function effectively and efficiently. In an environment of rapidly increasing threats and resulting vulnerability of information systems, it is essential to ensure that the risks represented by these are mitigated and addressed to the extent possible. As part of its regular operational activities and budget, WIPO continues to ensure that efforts are made to "reinforce information security, mitigate risks, enhance business continuity and disaster recovery capabilities of the Organization"⁶.

However, while the above describes the activities which need to be funded as part of the regular budget of the Organization and performed as part of its regular business, the proposed project for the introduction of enterprise level data encryption and user management goes beyond business as usual development and maintenance activities. This project will build up a new core information security capability, introducing an advanced enterprise level encryption mechanism, which is seen as a strategic and extraordinary initiative for WIPO.

⁴ Please see "Policy on the Reserve Funds and Principles Applied in Respect of the Use of Reserves" (A/48/9 Rev.).

⁵ Please also see "WIPO's Capital Planning and Management Framework" (WO/PBC/18/16) – "capital expenditures and investments are defined as the purchase of fixed assets, or the costs of major renovations or upgrades of assets, such as buildings, equipment, vehicles or larger information technology projects, which are implemented with the aim of enhancing the efficiency of the administrative and financial support structure to enable WIPO to deliver its programs beyond a single financial period."

⁶ Please see also proposed Program and Budget for the 2014/15 Biennium – Program 25.

Principle 3: projects and initiatives may be outside the biennial financial period (cross biennia or multiple biennia in duration)

This project is foreseen to require a three-year implementation timeframe, extending across two biennia, from 2014 to 2016.

Capital Master Plan Project Proposal for Reserve Funding

2. Project: Enterprise Content Management (ECM) Implementation

1. Project objectives and expected results:

The project is to introduce a central enterprise repository to store documents. This will enable users to work together (collaborate) on document creation, to search and access information more easily, and will allow documents to be linked to transactions in the ERP system.

The integration between the ERP and an Electronic Document Management System (EDMS) was approved by Member States as part of the ERP portfolio (WO/PBC/15/17), and the allocated funds have been utilized to acquire the necessary licenses, establish an infrastructure for the pilot and gather detailed requirements. The work to implement the full solution and integrate the same with the ERP system will be done as part of this proposed ECM Implementation project, which will result in a comprehensive and enterprise wide content management solution being put in place by the end of 2016.

The ECM implementation will in the first year, provide a sustainable hosted environment with internal resources to support the projects and the solution. This will include the introduction of content management technology to integrate with the existing desktop, thus providing the Organization with an improved ability to collaborate on documents, with version control and check-in / check-out capabilities. At the same time the integration to the ERP will start to be introduced, by integrating the existing content already available in financial and procurement transactions and making this available for users to search / access through the ECM. The feasible level of integration across the suite of ERP modules and the ECM is currently under investigation through the ERP portfolio with the assistance of Oracle, the implementation partner, and the outcome of this work will drive the future integration approach. As the PeopleSoft human resources solution is established, the integration with ECM will also be built, starting the concept of an electronic personnel file for each staff member and beginning the process of moving from a paper to an electronic based system of record.

During the second year, workflow capabilities would be introduced to enable documents, internal and incoming, to be electronically routed / approved and archived. Also, the integration between ECM and the email system would be established, to provide email filing and archiving capabilities, helping to reduce the burden currently being placed on the email system. As the PeopleSoft human resources solution grows, the integration to the ECM will continue to be established, building on the personnel file concept. Additionally, in year two, the integration to the Enterprise Performance Management solution within the ERP will be established, thus allowing the programmatic and budget information to be accessible through the ECM.

In year three, the integration to PeopleSoft human resources would be completed, as the human resource implementation progress completes, thus making all human resources documents securely available. Additionally, the ECM would be integrated to the business process management tool used at WIPO, Metastorm, to enable documents, such as travel related documents, to be accessible.

Through the above prudent phased approach the ECM will gradually become the single place where users can go to securely access documents.

2. Contribution to biennial Organizational result:

This project contributes to goal IX, an efficient administration and financial support structure to enable WIPO to deliver its Programs.

3. Financial resources required for project implementation by year

Items	Budget Costs <i>in thousands of Swiss francs</i>						TOTAL
	2014	2015	2016	2017	2018	2019	
1. Hosting							-
UNICC Hosting	470	470					940
2. Ongoing Support							-
Additional Resource	210	210	100				520
3. Implementation Costs							-
ERP Integration	220	94	94				408
4. Introduction of content management technology	100						100
5. Electronic routing of incoming and internal documents and integration with electronic records and archives		70					70
6. Utilization of ECM for email filing and archive		30					30
Total requested for funding	1,000	874	194	-	-		2,068
<i>Operating/recurring costs, to be included in respective biennial regular budgets</i>	76	94	575	585	585	585	2,500

4. Reporting mechanism to Member States: the ECM project will be reported through progress reports to the PBC and Assemblies

5. Reserve funding criteria⁷ met?

Principle 1: amounts available in the Reserves above the target level required

The criterion is met. - See also paragraphs 18 to 21 of the main body of the present document.

Principle 2⁸: use is for extraordinary, one-time expenditures, such as capital expenditures and strategic initiatives (not to be used for recurring, operational activities)

The criterion is met. - As part of its regular operational activities and budget, WIPO continues to maintain, update and continuously develop the existing ICT applications and ERP systems it has in place⁹. The requirement to ensure that end-users are able to effectively deliver their function with the use and support of these applications and systems is a key operational need covered from the regular budget.

⁷ Please see "Policy on the Reserve Funds and Principles Applied in Respect of the Use of Reserves" (A/48/9 Rev.).

⁸ Please also see "WIPO's Capital Planning and Management Framework" (WO/PBC/18/16) – "capital expenditures and investments are defined as the purchase of fixed assets, or the costs of major renovations or upgrades of assets, such as buildings, equipment, vehicles or larger information technology projects, which are implemented with the aim of enhancing the efficiency of the administrative and financial support structure to enable WIPO to deliver its programs beyond a single financial period."

⁹ Please see also proposed Program and Budget for the 2014/15 Biennium – Programs 22 and 25.

New technologies, with which WIPO has limited experience and which can be relatively immature in the marketplace, are inherently risky, although sometimes necessary for WIPO to adopt to provide a quality service in fulfilling its mandate. To ensure WIPO prudently manages the introduction of new technologies, whilst not risking disruption to its existing technologies and services, requires special care, attention and management. This requires the creation of a temporary project structure to oversee and manage the project implementation, together with the engagement of an outside partner to provide specialist skills and governance processes to ensure the project delivers the desired business benefits.

Gradually over time, as the technology matures and the project is implemented, new capabilities, knowledge and skills are transferred to internal resources, which will enable WIPO to support the operational solutions as part of its regular operations and budget.

Principle 3: projects and initiatives may be outside the biennial financial period (cross biennia or multiple biennia in duration)

This project is foreseen to require a three-year implementation timeframe, extending across two biennia, from 2014 to 2016.

Capital Master Plan Project Proposal for Reserve Funding

3. **Project: Renovation of the facades and cooling/heating installation of the PCT Building**

1. Project objectives and expected results:

The project objectives are twofold: (i) a complete replacement of the false ceiling installation for the cooling and heating system in the upper floors of the PCT Building, and (ii) a major renovation of structural elements of all the facades of that Building (in other words, the windows per se are generally not at stake). It has been determined in recent years that the minor low-scale reactive repairs – in case of breakdowns and un-controllable excessively high or low temperature inside the offices – which have been ongoing for about 10 years, were no longer sustainable. Furthermore, a number of components of the current cooling/heating installation are no longer available on the market and spare parts can no longer be purchased, which would in the short-term put at risk the viability of the whole cooling and heating installation in the Building. The wasted energy consumption caused by the defective systems and installations and by the defective structural elements of the facades is significant and will only continue to increase year after year. A technical audit of the cooling and heating installation had been carried out in 2011; a technical audit of the facades was carried out during the first semester of 2013.

The expected results of the renovation are fully operational and reliable cooling and heating installation and facades, and significant energy consumption reduction by eliminating the current wastes.

2. Contribution to biennial Organizational result:

The expected result is: Effective, efficient, quality and customer-oriented support services both to internal clients and to external stakeholders.

3. Financial resources required for project implementation by year

Items	Budget Costs in thousands of Swiss francs						TOTAL
	2014	2015	2016	2017	2018	2019	
1. Construction-related costs							-
Construction-related costs	450	1929	1190				3,569
2. Honoraria							
Project Pilot	21	62	41				124
WIPO-mandated engineers	150	450	300				
3. External and internal resources							-
Additional external resource at 100%	144	144	144				432
Internal Backfill at 100%	145	145	145				435
4. Fees (Permits / taxes / documents)							-
Fees	20	60	40				120
5. Miscellaneous and Unforeseen							
	70	210	140				420
Total requested for funding	1,000	3,000	2,000	-	-		6,000
<i>Operating/recurring costs, to be included in respective biennial regular budgets</i>							

4. Reporting mechanism to Member States:

Progress reports will be presented on the basis of the model used since 2006 to present progress reports on recent major construction projects to the PBC and Assemblies.

5. Reserve funding criteria¹⁰ met?

Principle 1: amounts available in the Reserves above the target level required

The criterion is met. - See also paragraphs 18 to 21 of the main body of the present document.

Principle 2¹¹: use is for extraordinary, one-time expenditures, such as capital expenditures and strategic initiatives (not to be used for recurring, operational activities)

The criterion is met. - Facades and cooling/heating system should have, according to standard building expectations, a life time of 50 years and 30 years, respectively. However, after only 10 years, the facades and cooling/heating system of the PCT Building are in a state that does not lend itself to be maintained through regular technical maintenance since the low-scale reactive repairs are not sustainable. Furthermore, since the cooling/heating system cannot be replaced by a brand new identical system, due to spare parts no longer manufactured, another system has to be installed. This replacement must happen well before (i.e., 20 years) the normal expiration of its expected lifetime (30 years). Several structural parts of the facades cannot be repaired; they must be substantially redone, which would not have happened at such an early stage of their lifetime in normal circumstances. Each of these cases constitutes a one-time occurrence under the existing circumstances.

Finally, it is critical to address the facades and the cooling/heating system at the same time as the choice of the types of renovated systems, technical solutions, methodology for both subjects are closely interdependent, as will be the worksite installation, scaffolding, and organization of the swing space utilization in the building during the expected duration of the technical interventions. In other words, addressing the facades and the cooling/heating system separately from each other would create significant additional cost in project planning, managing two successive worksites in and around the same building, with double disturbance for long periods of time for the staff located in the building. In conclusion, the fact that both matters have to be addressed at the same time in order to be professionally addressed constitutes in itself a one-time occurrence.

The renovation outlined above would re-start the expected lifetime of the facades (structural parts) for a new period of 50 years, and that of the cooling/heating system for a new period of 30 years, during which time only standard maintenance would be required.

Principle 3: projects and initiatives may be outside the biennial financial period (cross biennia or multiple biennia in duration)

This project is foreseen to require a three-year implementation timeframe, extending across two biennia, from 2014 to 2016.

¹⁰ Please see "Policy on the Reserve Funds and Principles Applied in Respect of the Use of Reserves" (A/48/9 Rev.).

¹¹ Please also see "WIPO's Capital Planning and Management Framework" (WO/PBC/18/16) – "capital expenditures and investments are defined as the purchase of fixed assets, or the costs of major renovations or upgrades of assets, such as buildings, equipment, vehicles or larger information technology projects, which are implemented with the aim of enhancing the efficiency of the administrative and financial support structure to enable WIPO to deliver its programs beyond a single financial period."

Capital Master Plan Project Proposal for Reserve Funding

4. Project: Deployment of Geneva Lake Water (“GLN”) cooling system to AB and PCT Buildings

1. Project objectives and expected results:

The Geneva Lake Water (“GLN”) cooling system – which is a system created a few years ago, managed by and made operational by the local energy provider (*Services Industriels de Genève* — SIG) through which cool water is drawn from the deep waters of the Lake Geneva and brought to the northern bank of the City of Geneva to be used for producing the cooling capacity for a variety of administrative buildings in the area of Place des Nations. WIPO has been, since a few years ago, one of the first clients amongst the UN Agencies to enter into an agreement with the SIG to reserve the capacity required for all its buildings (including the then-construction projects). As of the end of 2013, the following buildings of the WIPO Campus will have been fully connected to the GLN system for cooling: the New Building (operational since 2011), the GBI and GBII Buildings (operational by mid-2013), the New Conference Hall (integrated during the construction phase and operational by end-2013). The only two buildings left to be connected to the GLN system are the AB Building and the PCT Building, which are the subject of this particular feature of the Capital Master Plan Project. It should also be noted that the passed life time of the remaining various existing cooling production machines for the AB Building and the PCT Building range from about ten years to about 33 years, while their expected life time is 30 years.

The project objectives and expected results are to (i) complete the deployment of an improved technological solution in building maintenance relating to cooling installations already implemented in more than half of the volume concerned in the WIPO Campus; (ii) anticipate the need to replace the classical cooling machines in the two remaining buildings by doing so before the installations break down (which is what happened to the installation in GBII in 2011); (iii) reduce the maintenance cost of the installations compared to the cost of maintenance of classic cooling installations; and (iv) upgrade this type of the technical installations and equipment with more environmentally friendly solutions.

2. Contribution to biennial Organizational result:

The expected result is: Effective, efficient, quality and customer-oriented support services both to internal clients and to external stakeholders.

3. Financial resources required for project implementation by year

Items	Budget Costs <i>in thousands of Swiss francs</i>						TOTAL
	2014	2015	2016	2017	2018	2019	
1. Construction-related costs							-
Construction-related costs	156	429					585
2. Honoraria							
WIPO-mandated engineers	30	83					113
3. Miscellaneous and Unforeseen							
	14	39					53
Total requested for funding	200	550	-	-	-		750
<i>Operating/recurring costs, to be included in respective biennial regular budgets</i>							

4. Reporting mechanism to Member States:

Progress reports will be presented on the basis of the model used since 2006 to present progress reports to the PBC and Assemblies on recent major construction projects.

5. Reserve funding criteria¹² met?

Principle 1: amounts available in the Reserves above the target level required

The criterion is met. - See also paragraphs 18 to 21 of the main body of the present document.

Principle 2¹³: use is for extraordinary, one-time expenditures, such as capital expenditures and strategic initiatives (not to be used for recurring, operational activities)

The criterion is met. - The Geneva Lake Water system is a major component of a strategic initiative taken by the Secretariat several years ago with a view to moving towards environmentally friendlier solutions for major technical installations on the WIPO Campus for all the buildings, that is, in the present case, the cooling installations. The Geneva Lake Water system provides for a significantly different technological solution for cooling buildings as compared to traditional cooling production machines. It also extends the expected lifetime of cooling installations from 30 years to 40 years.

As a consequence, it qualifies as an extraordinary, one-time expenditure for the remaining implementation of one of WIPO's strategic environmental initiatives.

Principle 3: projects and initiatives may be outside the biennial financial period (cross biennia or multiple biennia in duration)

This project is foreseen to require a two-year implementation timeframe, which would fit within the 2014/15 biennium, which would not require this principle to be invoked. However, the funding of the project would need to be secured and available even if there are delays in implementation.

¹² Please see "Policy on the Reserve Funds and Principles Applied in Respect of the Use of Reserves" (A/48/9 Rev.).

¹³ Please also see "WIPO's Capital Planning and Management Framework" (WO/PBC/18/16) – "*capital expenditures and investments are defined as the purchase of fixed assets, or the costs of major renovations or upgrades of assets, such as buildings, equipment, vehicles or larger information technology projects, which are implemented with the aim of enhancing the efficiency of the administrative and financial support structure to enable WIPO to deliver its programs beyond a single financial period.*"

Capital Master Plan Project Proposal for Reserve Funding

5. **Project:** *Arpad Bogsch Building — phase 1 of basement renovation (resizing of data center and renovation of printshop)*

1. Project objectives and expected results:

The existing data center located in the basement of the AB Building needs to be resized in order to correspond to its updated and reduced purpose of a computer room for servicing the AB Building only. The resizing is expected to free a significant floor surface area which will subsequently become available for enlarging the current printshop in need of renovation.

2. Contribution to biennial Organizational result:

The expected result is: Effective, efficient, quality and customer-oriented support services both to internal clients and to external stakeholders.

3. Financial resources required for project implementation by year

Items	Budget Costs <i>in thousands of Swiss francs</i>						TOTAL
	2014	2015	2016	2017	2018	2019	
1. Construction-related costs							-
Construction-related costs	359	390					749
2. Honoraria							
WIPO-mandated engineers	69	75					144
3. Miscellaneous and Unforeseen							
	32	35					67
Total requested for funding	460	500	-	-	-		960
<i>Operating/recurring costs, to be included in respective biennial regular budgets</i>							

4. Reporting mechanism to Member States:

Progress reports will be presented on the basis of the model used since 2006 to present progress reports on recent major construction projects to the PBC and Assemblies.

5. Reserve funding criteria¹⁴ met?

Principle 1: amounts available in the Reserves above the target level required

The criterion is met. - See also paragraphs 18 to 21 of the main body of the present document.

¹⁴ Please see "Policy on the Reserve Funds and Principles Applied in Respect of the Use of Reserves" (A/48/9 Rev.).

Principle 2¹⁵: use is for extraordinary, one-time expenditures, such as capital expenditures and strategic initiatives (not to be used for recurring, operational activities)

The criterion is met. - The resizing of the AB Building data center into a computer room corresponding to its reduced purpose of servicing the AB Building only, is a consequence of a strategic initiative taken by the Secretariat in 2008 to create a large data center in the New Building (noting that the data center was built as part of the New Construction Project and was completed in 2011).

Since the main printshop on the WIPO Campus is adjacent to the current AB Building data center, downsizing the latter provides for a unique opportunity to undertake a complete infrastructure renovation of the facilities and to implement new technological solutions in the enlarged space to be dedicated to the printshop. It is noted that the technical installations and equipment for the existing printshop are already 35 years old, while their expected life time was 30 years.

As a consequence, undertaking this particular set of renovation of two major technical areas strategically located next to each other in the basement of the AB Building, qualifies as an extraordinary one-time expenditure.

Principle 3: projects and initiatives may be outside the biennial financial period (cross biennia or multiple biennia in duration)

This project is foreseen to require a two-year implementation timeframe, which would fit within the 2014/15 biennium, which would not require this principle to be invoked. However, the funding of the project would need to be secured and available even if there are delays in implementation.

¹⁵ Please also see "WIPO's Capital Planning and Management Framework" (WO/PBC/18/16) – "*capital expenditures and investments are defined as the purchase of fixed assets, or the costs of major renovations or upgrades of assets, such as buildings, equipment, vehicles or larger information technology projects, which are implemented with the aim of enhancing the efficiency of the administrative and financial support structure to enable WIPO to deliver its programs beyond a single financial period.*"

Capital Master Plan Project Proposal for Reserve Funding

6. Project: *Arpad Bogsch Building — replacement of certain windows*

1. Project objectives and expected results:

The windows on the South façade of the AB Building are those which have suffered most over the past three decades from their sunniest and warmest exposure and from the greatest temperature differences each year between winter and summer, with the consequence that their thermic qualities have significantly deteriorated. In addition, for a number of the same windows as well as for yet other windows elsewhere on the facade, there has been a color degradation of the blue shade (turning to a variety of pink and purple shades) due to the ageing of the gas components filling the space between the layers of glass.

The replacement of these windows will reduce the energy consumption required mainly for cooling the offices concerned in warm weather periods. It will also allow for a needed aesthetic improvement for the AB Building which is one of Geneva's landmark buildings.

2. Contribution to biennial Organizational result:

The expected result is: Effective, efficient, quality and customer-oriented support services both to internal clients and to external stakeholders.

3. Financial resources required for project implementation by year

Items	Budget Costs <i>in thousands of Swiss francs</i>						TOTAL
	2014	2015	2016	2017	2018	2019	
1. Construction-related costs							-
Construction-related costs	234						234
2. Honoraria							
WIPO-mandated engineers	45						45
3. Miscellaneous and Unforeseen							
	21						21
Total requested for funding	300	-	-	-	-		300
<i>Operating/recurring costs, to be included in respective biennial regular budgets</i>							

4. Reporting mechanism to Member States:

Progress reports will be presented on the basis of the model used since 2006 to present progress reports on recent major construction projects to the PBC and Assemblies.

5. Reserve funding criteria¹⁶ met?

Principle 1: amounts available in the Reserves above the target level required

The criterion is met. - See also paragraphs 18 to 21 of the main body of the present document.

Principle 2¹⁷: use is for extraordinary, one-time expenditures, such as capital expenditures and strategic initiatives (not to be used for recurring, operational activities)

The criterion is met. - The South facade of the AB Building is the most critical area of the Building in need of window replacement for technical thermic reasons, while the rest of the facade may be dealt with later on, even though it is emphasized here that it will have to be dealt with rather sooner than later, in view of its passed life time of 33 years, as compared to its expected life time of 30 years. In other words, this particular set of window replacement is in effect the first part of the renovation of the AB Building facades—which will be reflected at a later stage in the Capital Master Plan.

This will also serve as the only opportunity to validate technical alternatives on the basis of a real-life intervention on the part of the facade which is the most affected by direct heat and sunshine and by the greatest temperature differences between winter and summer. The validations concerned are, in particular, the following: comparison of the energy consumption in the South-oriented offices before and after the window replacement, most adequate worksite installation and type of scaffolding, establishment of various scenarios for the worksite timetable, effect on office space occupancy, extent of the need and duration for office swing space, extent of the benefit of the replacement of the windows only as compared to undertaking also structural modifications of the facades, assessment whether or not certain structural changes in the facades might be cost-effective while bringing also a reasonable additional cost benefit in the long term, etc.

The unique combination of the facts and circumstances described above qualifies this particular subject as an extraordinary one-time expenditure with the unique added advantage of serving as a model for another significant building renovation project.

Principle 3: projects and initiatives may be outside the biennial financial period (cross biennia or multiple biennia in duration)

This project is foreseen to require only a single-year implementation timeframe, so this principle does not need to be invoked.

¹⁶ Please see “Policy on the Reserve Funds and Principles Applied in Respect of the Use of Reserves” (A/48/9 Rev.).

¹⁷ Please also see “WIPO’s Capital Planning and Management Framework” (WO/PBC/18/16) – “*capital expenditures and investments are defined as the purchase of fixed assets, or the costs of major renovations or upgrades of assets, such as buildings, equipment, vehicles or larger information technology projects, which are implemented with the aim of enhancing the efficiency of the administrative and financial support structure to enable WIPO to deliver its programs beyond a single financial period.*”

Capital Master Plan Project Proposal for Reserve Funding

7. Project: Safety and Fire Protection Measures

1. Project objectives and expected results:

On the basis of a safety and security audit carried out by a specialized institute at the request of the Secretariat, a number of recommendations related to safety and fire protection measures need to be implemented in the older WIPO buildings in order to bring the relevant compliance level of those buildings to the updated compliance level (note that the New Building and the future New Conference Hall are excluded from this Project since the technical specifications already reflect the updated compliance level). The safety and fire protection measures to be implemented in the older WIPO buildings are the compartmentalization between buildings and between particular areas of a given building (building partitioning), in order to better isolate a single building or area from another building or area in case a fire or smoke may have spread after an incident. The building partitioning will be done by means of building infrastructure elements or doors in addition to, or instead of, the existing doors and, in some cases, new doors will be installed in existing corridors or pathways. These construction elements will be built once and for all.

2. Contribution to biennial Organizational result:

The expected result is: An environmentally and socially responsible Organization in which WIPO staff, delegates, visitors and information and physical assets are safe and secure.

3. Financial resources required for project implementation by year

Items	Budget Costs <i>in thousands of Swiss francs</i>						TOTAL
	2014	2015	2016	2017	2018	2019	
1. Construction-related costs							-
Construction-related costs	78	78	78	78			312
2. Honoraria							
WIPO-mandated engineers	15	15	15	15			60
3. Miscellaneous and Unforeseen							
	7	7	7	7			28
Total requested for funding	100	100	100	100	-		400
<i>Operating/recurring costs, to be included in respective biennial regular budgets</i>							

4. Reporting mechanism to Member States:

Progress reports will be presented on the basis of the model used since 2006 to present progress reports to the PBC and Assemblies on recent major construction projects.

5. Reserve funding criteria¹⁸ met?

Principle 1: amounts available in the Reserves above the target level required

The criterion is met. - See also paragraphs 18 to 21 of the main body of the present document.

Principle 2¹⁹: use is for extraordinary, one-time expenditures, such as capital expenditures and strategic initiatives (not to be used for recurring, operational activities)

The criterion is met. - The building partitioning of buildings or areas inside buildings by means of creating or installing infrastructure elements or doors qualifies as an extraordinary, one-time expenditure. The matter is of particular scope and complexity on the WIPO Campus since all existing buildings are physically connected underground and some are also connected through a number of upper floors. Furthermore, the New Conference Hall will also be physically connected on several levels to the existing buildings. Building partitioning was completed in the New Building as part of the construction implementation, and it is currently an integral part of the New Conference Hall implementation. Building partitioning must continue to be completed in all buildings in a phased manner.

It should be noted that the creation of the various compartments requires a review of the definition of what is or should be a building or an area, as compared to the original perimeter of a building which was built several decades or years ago but subsequently modified by, or connected to, adjacent buildings. It also requires a review of the definition of the connections (open or closed) between compartments. The consequences of this substantially new approach will, once implemented, be in place indefinitely.

In conclusion, this subject constitutes an extraordinary and one-time expenditure.

Principle 3: projects and initiatives may be outside the biennial financial period (cross biennia or multiple biennia in duration)

This project is foreseen to require a four-year implementation timeframe, extending across two biennia, from 2014 to 2017, mainly because the series of interventions in all the older buildings and on several floors of each of those buildings, must be planned with due regard to several factors: the buildings must continue to operate for normal business, official meetings must continue to be held, the temporary closing of areas, corridors and pathways can only be undertaken according to a conservative schedule.

[End of Annex and of document]

¹⁸ Please see "Policy on the Reserve Funds and Principles Applied in Respect of the Use of Reserves" (A/48/9 Rev.).

¹⁹ Please also see "WIPO's Capital Planning and Management Framework" (WO/PBC/18/16) – "*capital expenditures and investments are defined as the purchase of fixed assets, or the costs of major renovations or upgrades of assets, such as buildings, equipment, vehicles or larger information technology projects, which are implemented with the aim of enhancing the efficiency of the administrative and financial support structure to enable WIPO to deliver its programs beyond a single financial period.*"