

Assemblies of the Member States of WIPO

Fifty-Fifth Series of Meetings Geneva, October 5 to 14, 2015

PROGRESS REPORT ON THE NEW CONSTRUCTION PROJECT AND THE NEW CONFERENCE HALL PROJECT

prepared by the Secretariat

INTRODUCTION

1. The purpose of this document is to present to the Assemblies of the Member States of WIPO (“the Assemblies”) an updated progress report on the New Construction Project and the New Conference Hall (NCH) Project covering the period since September 2014, date on which the last progress report for the Projects was presented to the Assemblies (document A/54/11).
2. A progress report on the Projects (document WO/PBC/24/13) was presented to the WIPO Program and Budget Committee (PBC), at its twenty-fourth session (September 14 to 18, 2015). At that session, the PBC took the following decision: “*The Program and Budget Committee deferred the discussion on the final Progress Report on the New Construction Project and the New Conference Hall Project to the Assemblies of the Member States of WIPO.*” (document A/55/4 containing document WO/PBC/24/17, see Agenda Item 13).

THE NEW WIPO CONFERENCE HALL

3. It is recalled that the new WIPO Conference Hall *per se* was completed on time for the twenty-second session of the Program and Budget Committee held from September 1 to 5, 2014, and that the Hall together with all adjacent facilities in the new premises as well as the renovated floors in the AB Building were completed on time for hosting the fifty-fourth session of the Assemblies from September 22 to 30, 2014, including the inauguration ceremony on September 22, 2014. The Hall has been used on a number of occasions over the past year for WIPO meetings and events as well as for events held by other international organizations and entities, in a variety of configurations (for example, standard meeting set-up, interactive discussion panel, cultural events).

OPERATIONAL PROGRESS REPORT ON THE PROJECTS

4. In respect of the New Construction Project, and as at the date of this document, the status of the items in and around the New Building which had not been completed before September 2014 is as follows:

- (a) *Completed after the 2014 session of the PBC and before the end of 2014:* exterior landscaping in front of the New Building, replacement of and repair works on windows in the staircases in the New Building;
- (b) *Completed in the first semester of 2015:* a variety of small outstanding items; and
- (c) *Expected to be completed by the end of 2015:* replacement and repair works of windows on the ground floor (which started in June 2015 and which will be interrupted during the 2015 Assemblies).

5. In respect of the New Conference Hall Project, and as at the date of this document, the status of the items which had not been completed before September 2014 is as follows:

- (a) *Completed after the 2014 session of the PBC and before the end of 2014:* the New Access Center exterior facade and various outstanding items in and around the New Hall; and
- (b) *Completed in the first semester of 2015:* the remaining outstanding items in and around the New Hall, as well as the exterior landscaping and plantations at the foot of the New Hall.

OVERSIGHT AND AUDIT

6. The Secretariat has continued to present progress reports on both Projects to the Independent Advisory and Oversight Committee (IAOC).

7. All six recommendations contained in the audit report issued by the Internal Oversight Division (IOD) in June 2013 have been implemented and there are no outstanding recommendations in respect of the Projects.

8. Out of the 10 recommendations contained in the audit report issued by the External Auditors in August 2014 and relating to the New Conference Hall Project (document A/54/4, including document WO/PBC/22/3), eight have since been closed by the Auditors, leaving only two in the process of being addressed.

BUDGET AND FINANCIAL SITUATION FOR THE PROJECTS

New Construction Project

9. All the repair and replacement works carried out in the New Building (sub-paragraphs 4(a) and 4(c), above) have been financed from and fully covered by funds retained from the former General Contractor, as indicated in the previous Progress Report to the Assemblies. The outstanding items referred to in paragraph 4(b), above, have been financed from the amount of 400,000 Swiss francs which had been approved by the Assemblies at their 2014 session.

New Conference Hall Project

10. It is recalled that the total budget envelope approved by the Assemblies up to 2014 amounted to 75,200,000 Swiss francs (composed as follows: 4.2 million Swiss francs in 2008, 64 million Swiss francs in 2009, 4.5 million Swiss francs in 2011 and 2.5 million Swiss francs in 2014). The total project budget covers both construction works and professional honoraria.
11. The situation concerning the construction works is as follows. There were 82 construction companies and suppliers involved in the Project. The accounts of 78 out of the total of 82 companies and suppliers have been fully validated and agreed by all parties. From these 78 accounts, 72 correspond to the projected estimates and served as the basis for the document presented to the Assemblies by the Secretariat (document A/54/11, including document WO/PBC/22/14). The projected estimates were established in good faith on the basis of the information available at the time. The remaining 10 accounts show increases higher than the projected estimates. Amongst those 10, three are still in the process of being concluded, noting that the margin of uncertainty on the respective final amounts is now minor.
12. The situation concerning professional honoraria is as follows. There were 26 firms of professional specialists (engineers, pilot, architects, experts in a variety of fields). The accounts of 20 out of the total of 26 firms have been fully validated and agreed by all parties and they correspond to the estimates projected in 2014 and which served as a basis for the document presented to the Assemblies by the Secretariat (document A/54/11, including document WO/PBC/22/14). The projected estimates were established in good faith on the basis of the information available at the time. There are six accounts which are in the process of being verified and discussed. Three of them show some increases higher than the projected estimates, noting that the margin of uncertainty on the respective final amounts is now minor. The last three accounts (final insurance premium, land register official fees and honoraria) do not show increases higher than the projections, but their respective final amounts will only be known upon the overall closure of the Project implementation.
13. In respect of the cost increase beyond the estimates projected by the Secretariat in 2014, both for the construction works and the professional honoraria, the Secretariat recalls that, as previously reported to the PBC and the Assemblies, the main reasons for this situation are as follows: (i) the actual final quantities used (under a number of contracts based on quantity survey) were significantly higher than initially calculated by the specialists for the purposes of the initial tenders; (ii) the additional delays in the construction phase caused by various reasons, in particular the insufficient interdisciplinary coordination by the professional specialists and insufficient responsiveness by certain companies; and (iii) the fact that most of the construction companies and suppliers had not anticipated having to remain on the worksite beyond Spring 2014, while they had taken other work commitments, and experienced difficulties in responding afterwards in a flexible, coordinated and timely manner to the demands placed on them, thereby causing additional work schedule delays. The final invoices of contractors have been the subject of verification as provided by the contractual obligations deriving from the mandates of each of the professional specialists, and generally based on the Swiss Norms for Architects and Engineers (engineers, worksite management, architect and pilot) before being validated by the Project Management. It is through this process that quantities and other variables have been verified, as well as the scope, nature and resulting cost of project modifications.
14. As at the date of this document, the Secretariat is pleased to report on the state of discussions with companies and firms in respect of their final accounts, as well as, in several cases, their respective share of responsibility in the causes of the construction cost increase beyond the estimates projected by the Secretariat in 2014. The discussions have been completed with 102 out of the overall total of 108 entities, while discussions are in the final stages with six out of the overall total of 108 entities (i.e., three companies and three firms of

specialists). The Secretariat has done, and will continue to do, its utmost to preserve the best interests of the Organization and to be in a position to honor the payments due to the remaining companies and firms. In this regard, the Secretariat has been, and will continue to be, mindful of not jeopardizing the final stages of the ongoing discussions with the remaining few parties on their final accounts and their respective share of responsibility. The Secretariat is particularly mindful of not missing reasonable and amicable closure opportunities with the parties concerned, while avoiding the need to revert to arbitration in order to resolve the remaining issues.

15. The Secretariat is therefore in a position to inform the Assemblies that, despite the fact that the final definite figure for the overall cost of the Project cannot be ascertained for the reasons outlined above, the maximum additional amount needed to close all accounts with all companies and firms and to be able to honor all invoices (already agreed with the contractors and firms as well as in the process of being validated and agreed) is not expected to exceed 3.5 million Swiss francs, in addition to the 75.2 million Swiss francs approved budget for the Project.

LESSONS LEARNED REPORT

16. The Secretariat informs the Assemblies that it will prepare a Lessons Learned Report on the two Projects and aims at presenting it to the Assemblies *via* the PBC at their 2016 sessions.

CONCLUSION

17. The following decision paragraph is proposed.

18. *The Assemblies of the Member States of WIPO and of the Unions administered by it, each as far as it is concerned:*

(a) took note of the contents of the Progress Report on the New Construction Project and New Conference Hall Project (document A/55/11), including the fact that discussions were ongoing with the remaining three companies and three firms of specialists on their final accounts;

(b) took note that the Secretariat:

(i) made utmost efforts to minimize, to the extent possible, the potential additional funding requirement for the completion and closure of all accounts related to the New Conference Hall Project;

(ii) had closed almost all (102 out of 108) accounts related to the New Conference Hall Project before the 2015 Assemblies, and that it would undertake every possible effort to close the remaining six accounts as soon as possible after the Assemblies;

(c) exceptionally approved that potential additional expenses related to the completion and closure of the New Conference Hall Project, in excess of the 75.2 million Swiss francs approved budget for that Project, to a maximum of 3.5 million Swiss francs be absorbed from the overall budgetary envelope contained in the approved 2014/15 Program and Budget.

[End of document]