

Program and Budget Committee

Nineteenth Session Geneva, September 10 to 14, 2012

PROGRESS REPORT ON THE NEW CONSTRUCTION PROJECT

prepared by the Secretariat

1. The purpose of this document is to present to the Program and Budget Committee (“the PBC”) a progress report on the New Construction Project (“the Project”) covering the period since the previous report (document WO/PBC/18/9) was presented to it, on the occasion of its eighteenth session held from September 12 to 16, 2011.

STATUS OF COMPLETION OF THE PROJECT

2. It is recalled that the PBC was informed at its last session that, in May 2011, an agreement had been reached with the General Contractor under which the latter agreed to compensate, by a penalty amount of 2,225,000 Swiss francs, its delays in delivering the completed project (the New Building, including the additional underground parking).

3. The PBC was also informed at its last session that, since June 2011, the New Building was fully operational (office floors and basements, cafeteria, WIPO Library and new parking reserved for delegates), but that a number of areas had not been (fully) delivered even though that did not affect its occupancy.

4. As at the date of this document, whereas a number of defects on various installations and equipment (including the parquet floors) are in the process of being dealt with satisfactorily, other areas have still not been completed, and certain works which were accepted under conditions of repairs or replacements have not all been repaired or replaced to the satisfaction of the Secretariat. These include the atria glass tops and elements of the facades that have not yet been repaired or replaced as the General Contractor has yet to propose acceptable solutions. As a consequence, the Secretariat has been withholding some monthly payments due to the General Contractor and has entered into further negotiations in order to resolve these matters.

UTILIZATION OF THE APPROVED BUDGET AND CONTINGENCY PROVISIONS

5. There has been no change to the budgetary and financial situation as reported to the PBC at its previous session:

- (i) the updated and consolidated budget (about 145 million Swiss francs) has left an unspent balance of about 175,000 Swiss francs;
- (ii) the “Contingency Provision for Project Modifications” (about 8.2 million Swiss francs) has been fully used or committed to cover additional modifications (mainly for the Data Center and the implementation in and around the New Building of the United Nations Headquarters Minimum Operating Security Standards (UN H-MOSS)); and
- (iii) the “Contingency Provision for Miscellaneous and Unforeseen” (about 7.8 million Swiss francs) has left an unspent balance of about 2.1 million Swiss francs.

CONTROL AND AUDIT

6. The Project continued to be the subject of regular audits by the External Auditor (document WO/PBC/19/18) and the Internal Audit and Oversight Division, and of oversight on an ongoing basis by the Independent Advisory Oversight Committee (IAOC).

UPDATE ON THE SITUATION RELATING TO THE RENTAL OF PREMISES

7. In respect of rented office space and in line with the progress report presented to the PBC at its last session, the lease for the P&G Building was terminated with effect from August 31, 2011, while the lease for the CAM Building was retained thereby providing the Secretariat with the necessary flexibility in space management for the next few years.

8. In respect of rented storage spaces, a storage facility (900 m² at a yearly cost of about 85,000 Swiss francs) was vacated at the end of April 2012, and another storage facility (210 m² at a yearly cost of about 30,000 Swiss francs) will be vacated by the end of September 2012. This was made possible by the availability of storage space in the New Building, through an updated needs assessment and as a result of the disposal of outdated equipment and supplies.

9. The Program and Budget Committee is invited to recommend to the Assemblies of the Member States of WIPO and of the Unions administered by it, each as far as it is concerned, to take note of the contents of this document.

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