

*Monday 11 and Tuesday 12 May 2020*

*To be held by webconference (due to COVID-19 pandemic and travel restrictions)*

## **UPDATE ON THE “NOUVEAU CENTRE” AND THE “NOUVEAU CENTRE” INVESTMENT CASE**

### **INTRODUCTION**

1. Please refer to document [GC/61/10](#), paragraphs 1 to 8 for historical details on the project.
2. Since 2012, the City of Lyon has invested in a programme of urgent repair works for the tower building (ventilation, air-conditioning and heating systems) in order to ensure occupancy for five to seven years. Despite these concentrated efforts, the state of the building remains a major concern and continues to cause unanticipated interruptions in the Agency's work. The initial budget secured by the City of Lyon for the ad hoc repairs came to an end in June 2018. In order to ensure the continuity of IARC activities, the City of Lyon allocated an additional €240 000 budget for urgent works to be carried out in 2019 and further. This new budget allowed the replacement of several air-conditioning and heating units, and to schedule for 2020 the replacement of two lifts and the partial replacement of the fire safety system.
3. Moreover, the buildings have reached their maximum capacity in terms of office space, but also in electricity supply and telephone lines. This situation led to inactivation of some lights in corridors in order to prioritize electricity for computing equipment, or to share telephone lines within offices.

### **FINANCING THE BUILDING PROJECT**

4. Please refer to document [GC/61/10](#), paragraphs 10 to 19 to get the historical details on the funding of the building project.

### **CURRENT SITUATION AND PROJECT TIMELINE**

5. The global budget of the project has been revised by the Métropole de Lyon to include the amount of the Design-Build contract, taking account of the latest adjustments in the design of the building and has been increased to €51.6 million; cost increases of €2.4 million are equally shared between the Métropole and the Auvergne-Rhône-Alpes Region.
6. The request for building licence submitted in June 2018 was approved by the French authorities in mid-November 2018. The detailed design studies started in August with input from IARC experts, notably in relation to the specific laboratory plans, and to strict UN security requirements.

7. The Design-Build team requested a five-week delay to finalize the detailed design studies, which were delivered at the end of January 2019.
8. A team composed of the Métropole de Lyon, external experts, and IARC's experts carried out an assessment of the detailed design studies. This assessment highlighted the complexity of the project and pointed out lack of precision in the design. Consequently, the Métropole de Lyon requested the design-build team *inter alia*: to rework the design, to carry out additional detailed analysis, and to propose more detailed design studies for the beginning of July 2019.
9. IARC Secretariat, while supporting the decision of the Métropole de Lyon, raised its deep concerns regarding additional delays, which might compromise the inauguration of the new building that was planned before the end of 2021, potentially incurring additional costs on IARC in order to maintain the current premises operational beyond 2021.
10. Throughout the summer 2019, several difficult meetings took place. First at the operational level between the Métropole de Lyon, its experts, the Design-Build team and IARC to identify and find solutions to the main obstacles; and then at the political level to enforce the Design-Build team to fulfil their contractual obligations and propose a project compliant with the agreed specifications.
11. At last, mid-October 2019, the Métropole de Lyon validated the majority of the detailed design studies to be able to launch the building works phase, while carrying on discussing and moving forward on the remaining design topics that were not fully approved.
12. After a preparatory period, the building works actually started at the beginning of January 2020.
13. On 6 February 2020, marked a historic moment for the Agency, the first stone laying ceremony for the Nouveau Centre took place during the Scientific Council, allowing the members of the Scientific Council to be present and symbolically put a stone (flocked with their country flag) on the wall IARC had designed for this occasion. IARC institutional partners (French central government, the Auvergne-Rhône-Alpes Region, the Métropole de Lyon and the City of Lyon) also participated actively in the event.
14. Before the COVID-19 outbreak, the project timeline was as follows:
  - *Autumn 2019–Winter/Spring 2022*: building works.
  - *Winter 2021-Spring 2022*: IARC works.
  - *Spring 2022*: Physical move.
  - *Summer 2022*: opening of the "Nouveau Centre".
15. Due to the COVID-19 outbreak, the decision was made by the Métropole de Lyon on 18 March 2020 to stop building works until further notice. The impact of this to the overall project timeline will need to be assessed.

## FINANCING THE PHYSICAL MOVE AND EQUIPMENT

16. Aside from the budget adjustments by the Métropole de Lyon mentioned in paragraph 5 above, the finalized "Programmiste" study allowed the Secretariat to assess a better defined cost of the project, which had triggered discussions on whether certain cost elements fall outside of the budget scope under the Métropole de Lyon's responsibility. These include items such as the physical move and installation of all or elements of IARC's operations (e.g. the substantial number of samples in the biobank, which require specialized transportation), including the purchase, transport and installation of laboratory equipment and benching and the installation of specific security requirements as mandated by the UN Security Standards.

17. Other potential costs associated with the move relate to modernization to ensure the best possible working environment in the new IARC Headquarters. This includes the replacement of some of the oversized or old office furniture, outdated laboratory equipment, as well as auditorium and meeting room video and sound systems. The Agency would also like to take this opportunity to replace old freezers in the biobank and transition to a modern, automated system.

18. During the detailed design studies phase (September 2018–October 2019) additional adjustments to the project were made, incurring supplementary costs.

19. The maximum investments are estimated at €13.41 million, for a fully operational modern, smart and open building, which would allow IARC to deliver on its full potential, and expand its activities.

20. The Secretariat has identified the following funding to partially cover these costs:

- The Director has put in place a mechanism to set aside €1.5 million from earned overheads over the five-year period 2015–2019 to partially cover the physical move;
- The Director agreed to charge €164 000 on the UB to cover some necessary and essential adjustments during the design phase;
- The City of Lyon might provide an estimated €1.24 million from sales proceeds of the Latarjet and BRC buildings to be utilized to partially cover office design and installation costs;
- The residual balance of funds previously approved by the Governing Council (Resolution [GC/54/R6](#) refers);
- Anticipated revenue from sales of old furniture and equipment (Resolution [GC/60/R10](#), paragraph 3 refers).

21. Notwithstanding the above, the unfunded balance remains (maximum €9.16 million) to be mobilized. The Secretariat has thus made the "Nouveau Centre" one of the priorities in its resource mobilization efforts during the next two years.

22. In order to help the resource mobilization efforts, in early 2020, the Governing Council Working group on Infrastructure requested IARC Secretariat to address the funding gap issue and develop investment prioritization strategy scenarios for all the additional costs of items outlined in paragraphs 16, 17 and 18 above.

## **RESOURCE MOBILIZATION EFFORTS: THE "NOUVEAU CENTRE" INVESTMENT CASE**

23. The "Nouveau Centre" is the perfect symbol of IARC's new ambition to be at the centre of the world's leading global health research. Strategically located at the epicentre of this new hub, that will include the future WHO Academy, the "Nouveau Centre" represents the beginning of a new era for the organization where the focus on open science and true collaboration will give an opportunity for IARC to interact with a broader public and diversify its base of supporters.

24. To cover the unfunded balance of €9.16 million, the Secretariat has devised a resource mobilization strategy. It has identified four main categories of potential donors:

- Non-State actors from Lyon and its surroundings, including for-profit entities, corporate and philanthropic foundations as well as local key influencers/major donors;
- Corporate entities willing to provide in-kind contributions to the "Nouveau Centre";
- Ultra-High Net Worth Individuals (UHNWI); and
- Existing Participating States.

25. Proactive initiatives since May 2018 included inter alia: (i) to identify potential resource mobilization opportunities by building an extensive database of donors and targeting specific institutes, foundations or individuals who may be interested in investing in the new building; and (ii) to communicate proactively about the building project. In December 2018, colourful palisades with public information about the history of IARC and its new building were erected around the future site, in collaboration with the Métropole de Lyon. Taking the opportunity of the World Cancer Day, the "Nouveau Centre" fundraising campaign was launched on 4 February 2019, inviting IARC's Lyon-based partners to a presentation about the "Nouveau Centre" building project. The event was an opportunity for IARC scientists and researchers to meet, establish relationships, and exchange ideas with IARC's future neighbours, in addition to raising the need to fill the remaining funding gap by 2021.

26. As mentioned in paragraph 13 above, the first stone laying ceremony on 6 February 2020 was a very successful event with an excellent visibility and press coverage. This helped raise awareness about the funding gap.

27. The Secretariat also worked closely with the French authorities and obtained an official confirmation from the "French Ministère de l'Action et des Comptes publics" on the following, which are beneficial for IARC fundraising activities:

- IARC is officially recognized as a public interest entity in France.
- IARC is officially entitled to receive donations which are tax-deductible from individuals as well as other legal entities, as per the conditions set forth in the relevant articles of the French "Code Général des Impôts" (CGI).

28. In order to maximize the revenue stream from the first target audience (i.e. non-state actors from Lyon and around), IARC needs to be more visible locally. The narrative of the investment case will be disseminated widely in a campaign mode, special thanks to innovative partnerships with renowned local organizations. This direct fundraising campaign targeting local medium and large companies will be launched in collaboration with the Metropole. It will use different medium (social media, direct outreach, mailing, etc.) to reach out to potential donors and convince them

to become supporters or ambassadors of the Nouveau Centre project. Following a recommendation from the IARC Scientific Council, IARC will set up an Advisory Board composed of influential private sector individuals to provide guidance and maximize the opportunities. It is expected that this Advisory Board will also give access to its own network of CEOs, which is what IARC critically lacks. IARC plans to offer inclusion on a "donor recognition wall" in the "Nouveau Centre" for the locally recruited donors. The whole campaign will respect rules and regulations of the WHO's Framework for Engagement with Non-State Actors (FENSA).

29. As explained above, most of the required funding corresponds to the purchase of physical equipment for the Nouveau Centre. Being furniture for the laboratories or the restaurant or IT equipment for the conference rooms and the auditorium, there might be some global corporates that could be interested in providing such equipment for free to IARC, as an in-kind contribution for the "Nouveau Centre". It is worth noting that, due to IARC recognition as a public interest entity, corporations based in France will benefit from tax reduction through such donation. To avoid any potential conflict of interest, IARC is now exploring the possibility of launching a Request for an Expression of Interest (REoI) in the last quarter of 2020.

30. The REoI is currently being prepared. It will include the following:

- REoI will be published on the IARC website and on the UN Global Marketplace so any company can access it. This will ensure transparency and avoid perceived conflict of interest or providing undue competitive advantage to one company only;
- Technical description will be as detailed as possible (to avoid getting offers IARC is not interested in) but generic enough so IARC cannot be accused of being attached to one company only;
- IARC will put in the REoI only equipment that does not require specific maintenance services that can be provided by one company only, generally the manufacturer of the equipment. It is important to make sure that maintenance services for donated equipment can be purchased through an open, transparent, competitive procurement process;
- While many pieces of equipment will be part of the REoI, they will be clubbed in thematic groups (for instance: biobank / furniture restaurant / furniture laboratories / furniture conference rooms / scientific equipment laboratories / IT equipment-infrastructure / ITC equipment-conference rooms / etc.) to facilitate expression of interest from private sector entities and avoid donation of one piece of equipment after the other (very high transaction cost);
- Partner recognition guidelines are being created and will be presented to WHO/DAN (Due Diligence and Non-State Actors) and the Governing Council. Discussions with interested private sector entities will be held to ensure proper visibility of the in-kind contribution within this agreed framework;
- IARC will launch a communication campaign to support this REoI and to attract as many companies as possible to express their interest in collaborating with IARC for the same. Different channels will be used for this communication exercise (press release, article on the IARC website, use of social media). Moreover, potential

companies will be identified and will be called to ensure they know about the REoI and to guide them on how to respond to them. Governing Council members can help in this regard in case they have direct access to potential partners that could provide in-kind contributions to the Nouveau Centre.

31. It is worth noting that no company will provide more than 5% of the total budget for the Nouveau Centre through an in-kind contribution. This will ensure that IARC will not have to suffer from undue influence from one private sector entity.

32. As far as timelines are concerned, the objective is to have the architecture of the campaign and most of the paperwork ready to be presented to the Governing Council in May 2020, including the partner recognition guidelines and technical documents. If IARC gets an in-principle approval from the Governing Council, then the next steps will be to present the whole package (technical documents, REoI administrative note, partner recognition guidelines) to WHO/DAN for their guidance and advice. Based on this WHO guidance, the REoI campaign will be refined and formally presented for approval to the Working Group on Infrastructure. IARC expects to launch this REoI during the last quarter of 2020.

33. Ultra-High Net Worth individuals are defined as having a net worth of at least US\$ 30 million in investable assets net of liabilities (after deducting residential and pension investments such as art, planes, yachts and real estate). As per the last count in 2020, there were 513 244 UHNW individuals in the world. One of the options being pursued is to identify UHNWI for equipping the IARC Biobank and the conference rooms, including the auditorium, with the possibility of naming those facilities after the donor concerned. The contribution has to be considered substantial as it was the case for the meeting rooms in the current building named after the Japanese businessman and philanthropist Ryoichi Sasakawa. For this purpose, IARC has worked on a clear donor recognition policy that specifies the minimum level of donation to name one of the facilities in the Nouveau Centre.

34. The main challenge in mobilizing large donations from this specific target audience (UHNWI) remains to be able to reach out to them. They are very secluded from the rest of the world and remain among people from the same socio economic category. They tend to be over solicited by many organizations asking them to support their causes or to invest in their businesses. IARC does not have any contact with such UHNWI network. While IARC investment case might be strong enough, without direct access it will be impossible to convince them to make a donation for the Nouveau Centre. The main strategy will thus be to create such access for IARC. One of the possibilities is to build a strong network of champions or advocates that will open doors for IARC and create a direct access to some of these UHNWI. Over the years, IARC has been able to build a strong network of supporters, especially past and present Governing and Scientific Council members. The objective will be to transform these supporters into active champions, asking them to open doors with UHNWI of their own network. Another option will be to convince celebrities to become IARC ambassadors. Some celebrities that have suffered from cancer themselves or through their family members might be interested in becoming the public face for the Agency. These celebrities will have access to UHNWI networks and can help us convince them to make a donation for the Nouveau Centre.

35. It is also worth mentioning that IARC has already made some progress on this front over the last few months. The Agency was able to contact and convince one of such UHNWI to donate one million euros (€1 000 000) for the Nouveau Centre project. The name cannot be disclosed for the moment as the agreement is still being finalized but IARC has received assurance that such donation will indeed happen during the first semester of 2020.

36. Finally yet importantly, the existing Participating States. Existing Participating States might wish to contribute to the Nouveau Centre technical equipment (as it was the case with the UK and the USA in 1972) or to help furnish the delegates' lounge or the restaurant (provided respectively by Australia and the Netherlands in 1972). Governing Council members could help, jointly with the IARC team, in reaching out to their respective governments and in advocating for investment in the Nouveau Centre.

37. As a summary, the Secretariat envisages the following stream of revenues to cover the €9.16 million funding gap:

- €1 million from the local fundraising campaign (non-state actors from Lyon), 100 gifts of €10 000 on average;
- €4.46 million worth of in-kind donations through the expressions of interest;
- €2 millions from UHNWI, coming from two large gifts of one million each or one of one million and two of €500 000; and
- €1.7 million from existing Participating States (by either cash donations, in-kind donations, interest-free loans, or a combination of these).

38. As a conclusion, it is worth noting that the current COVID-19 pandemic situation is delaying some of these activities. Companies today and in the near future (and probably until the end of the year at least) are struggling with the lockdowns and likely will be affected by the resulting economic recession. They will not have time or disposable income (or equipment) to provide as grant for the Nouveau Centre. As far as the UHNWI are concerned, all of their philanthropic efforts are now focusing on the COVID-19 eradication and they might not be that interested in making a large donation to the Nouveau Centre. It will take time for the world to recover and this will indubitably have an impact on IARC fundraising campaign for the Nouveau Centre.