

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

BACKGROUND

1. In 1972, the 8500 m² tower building opened to host IARC activities. Construction of the tower was funded jointly by the French Government, the Rhône Department and the City of Lyon on land owned by the City of Lyon. The Governments of the United Kingdom and the USA had contributed generously to the provision of technical equipment and the Governments of Australia and the Netherlands had kindly furnished the delegates' lounges and the restaurant respectively (Annual report covering the years 1972–1973 refers).
2. To accommodate the expansion of IARC activities, three additional structures were later built on the compound. The Biological Resources Centre (BRC) and Latarjet buildings were built with funding made available by the Governing Council (GC); and the Sasakawa Memorial Hall (including the Princess Takamatsu Hall) was built thanks to a generous donation from the Japan Shipbuilding Industry Foundation. This resulted in the current footprint of 10 200 m².
3. Since 2008, several technical reports revealed the poor state of the tower building infrastructure. In 2012, all local partners and the GC recognized that the state of the tower's infrastructure was such that it would no longer be viable for continued use by the Agency within a period of five to seven years. Presented with various potential options for long-term continuation of IARC's Headquarters in Lyon, the GC agreed with the recommendation made by the local authorities to move to a newly built structure on new land, referred to as the “Nouveau Centre”.
4. Throughout the process of reviewing the options for IARC's Headquarters, the Secretariat benefitted from strong support and collaboration from local partners which included the City of Lyon, Métropole de Lyon (formerly called “Grand Lyon”), the Rhône Department and Auvergne-Rhône-Alpes Region (formerly called “Rhône-Alpes Region”), as well as the local Government representation, the Auvergne-Rhône-Alpes Prefecture. Clear statements of intent to continue to host the Agency have also been issued at the highest level of the French Central Government and reiterated at the GC by the French Representative.

STATE OF THE TOWER

5. 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.

During 2018 noteworthy incidents included: significant leaks and infiltration of rain water in offices, laboratories and biobank rooms during thunderstorms; multiple failures in the elevator system; continued burst of pipes in the aging piping network throughout the Tower; a significant leak in the central heating system; and general failure of the fire safety system which led to the evacuation of the Tower for two full working days.

6. As a result of the consistent and substantial problems faced with the daily running of the building, the Secretariat has brought to the attention of the local partners the associated escalating risk which may result in the need to relocate the Agency to alternative premises before completion of the "Nouveau Centre" building. Earlier analyses carried out by Métropole de Lyon in 2012 estimated the cost of such a relocation at around €28 million for two years.

7. As a mitigation measure and to assess the viability of the current premises for the lifespan of the "Nouveau Centre" building project, the Secretariat requested the City of Lyon to carry out another full technical diagnostic assessment of the tower's physical and system infrastructure in December 2014. This diagnostic was carried out in December 2015, with a second round in March 2016 which concluded that the City of Lyon would help IARC to ensure the continuity of the Agency's activities by acting upon demand and emergency, without a planned official programme of repair works.

8. Consequently, the City of Lyon agreed to carry out the replacement of one failing heating-air conditioning unit on the first floor of the Tower. However, 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 early 2019.

9. Moreover, with the continuous increase of staff, 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

10. Following the detailed study commissioned by Grand Lyon in 2012–2013, the Secretariat presented to the GC, at its 55th session, a project scope for a new building of 12 685 m² with a cost of €64.5 million. During subsequent discussions with the French Ministries in Paris, a reassessment of the scope in line with French public institutional norms was carried out, resulting in a revised project of 11 060 m² with an estimated cost of €48.3 million leading IARC to withdraw some equipment requests from the building project itself. During this process, it was confirmed that the project would be led by the Métropole de Lyon, under the direction of Mr Gérard Collomb, Mayor of the City of Lyon and President of the Métropole de Lyon at that time. This revised project scope was submitted to the GC at its 56th session in May 2014, when the financing decision from the French Central Government was still pending.

11. At the end of 2015 the French Government and the local authorities signed a financial agreement confirming the joint financing of the "Nouveau Centre" for the relocation of IARC from the current premises to the Biopôle area of Gerland, on land provided by the City of Lyon¹, with a financial envelope of €48 million divided as follows:

- French Central Government: €17 million
- Métropole de Lyon: €18 million
- Région Auvergne-Rhône-Alpes: €13 million

12. At the beginning of 2016, while finalizing the definition of the project scope and detailed specifications ("Programmiste" study) which had begun in July 2014, the Métropole de Lyon project team raised the issue that the financial envelope agreed by the French Government and the local authorities would not be sufficient for IARC's requirements. As the project scope and cost could not be further cut as a reduction of 1625 m² or €16.2 million of cost were already made as a result of the reassessment performed by the French authorities in 2013 (see paragraph 10), additional financing for the project was necessary.

13. To ensure a budgetary buffer, the Secretariat met with Mr Gérard Collomb, President of Métropole de Lyon and Mayor of City of Lyon at that time, in May 2016 and agreed on the proposal to increase the budget of the "Nouveau Centre" project from the current €48 million to up to €49.26 million taking into account part of the value of the future sale of the Latarjet and BRC buildings, owned by IARC, into the project financing to a maximum contribution of €1.26 million. Those buildings were estimated by the City of Lyon to have a potential sale value of €2.5 million. The GC's resolution on the transfer of these buildings to the local authorities and to part finance the "Nouveau Centre" was passed subject to IARC being provided with suitable alternative premises that meet the Agency's requirements and on financial conditions and terms to be agreed between the Secretariat, the host country and the local partners (Resolution [GC/55/R12](#), paragraph 4 refers).

14. Following the financial agreement mentioned above, the IARC Secretariat validated the Nouveau Centre "Programme" (detailed technical and functional specifications) and the Métropole de Lyon launched the bid for the combined design-build contract on 13 May 2016.

15. Nine joint teams submitted their expression of interest. The appointed "first-step" jury met on 4 November 2016, with the Director representing IARC, to select the five best-adapted teams to compete for the project.

16. The five selected teams received the solicitation documents, including the specifications, on 27 January 2017 and submitted their projects at the end of May 2017. The technical assessment of the five competing projects was led by the Métropole de Lyon project team in June and July 2017, including IARC and several other experts in the process.

17. The appointed "second-step" jury met on 7, 10 and 13 November, with the Director representing IARC, to make recommendations on the best suited project.

¹ The land provided by the City of Lyon had been estimated at €13.0 million. The estimated value does not appear in the financial agreement signed by the French authorities.

18. After an 18-month international competitive bidding process for the design and construction of the "Nouveau Centre" (combined design-build contract) the winning team was selected by the Métropole de Lyon on 15 December 2017. The team consists of Demathieu Bard (general contractor), Art&Build (architects), Unanime (architects), WSP (design engineering company), and Indiggo (sustainable development engineering company).

19. The selected project offered the best value for money addressing IARC's needs and proposed the most modern and innovative building, which should reach the Silver level of the WELL BUILDING STANDARD, ensuring low energy consumption and align with sustainable development goals for new buildings.

CURRENT SITUATION AND PROJECT TIMELINE

20. 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 are subject to discussion between the Métropole de Lyon and the other funding partners.

21. 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.

22. The Design-Build team requested a five-week delay to finalize the detailed design studies, which were delivered at the end of January 2019.

23. 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 a 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.

24. 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 prior to the end of 2021, potentially incurring further costs on IARC in order to maintain the current premises operational beyond 2021.

25. 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.

26. At last, mid-October 2019, the Métropole de Lyon validated the detailed design studies and launched the building works phase.

27. The current project timeline is as follows:

- *Autumn 2019–Winter/Spring 2022*: building works.
- *Winter 2021–Spring 2022*: IARC works.
- *Spring 2022*: Physical move.
- *Spring/Summer 2022*: opening of the "Nouveau Centre".

FINANCING THE PHYSICAL MOVE AND EQUIPMENT

28. Aside from the budget adjustments by the Métropole de Lyon mentioned in paragraph 12 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.

29. Due to the difficulty to find funding sources for the new building, the Governing Council Working Group on Infrastructure requested the Secretariat to work on different budget scenarios for the funding gap.

30. 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 for a transition to a modern, automated system.

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

32. In 2019, the Governing Council Working group on Infrastructure requested IARC Secretariat to address the funding gap issue and work on different investment scenarios for all the additional costs of items outlined in paragraphs 28, 30 and 31 above.

33. IARC Secretariat identified three different scenarios, as defined below and as described in more details in Annex 1:

- The *Basic Scenario* would allow IARC activities to be moved to the new building and be run on a degraded mode;
- The *Standard Scenario* would allow IARC activities to be moved to the new building and be run on a status quo basis; and
- The *Optimal Scenario* stands for a fully operational modern, smart and open building, which would allow IARC to deliver on its full potential, and expand its activities.

34. The maximum investments are estimated at €8.70 million, with a significant portion being costs related to the modernization of the biobank. The Secretariat has identified the following funding to partially cover these costs:

- The Director has set aside €1.5 million from earned overheads over the five-year period of 2015–2019 to partially cover the physical move;
- The Director allocated €0.16 million from the Unbudgeted Assessment (UB) account to partially cover the cost of essential adjustments identified 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 GC (Resolution [GC/54/R6](#) refers);
- Anticipated revenue from sales of old furniture and equipment (Resolution [GC/60/R10](#), paragraph 3 refers).

The table below shows the different funding scenarios:

Scenarios	Required Funding	Secured funding	Potential funding	Unfunded balance
<i>Basic Scenario</i>	€6.4 million	€1.7 million	€1.24 million	€3.5 million
<i>Standard Scenario</i>	€8.9 million	€1.7 million	€1.24 million	€6.0 million
<i>Optimal Scenario</i>	€11.8 million	€1.7 million	€1.4 million*	€8.7 million

*€1.24m from sales of Latarjet plus estimated €0.16m from *sales of current furniture and equipment*.

35. Notwithstanding the above, the unfunded balance remains 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.

RESOURCE MOBILIZATION EFFORTS: THE “NOUVEAU CENTRE” INVESTMENT CASE

36. 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.

37. To cover the unfunded balance of €8.7 million in the *Optimal Scenario*, 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.

38. 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.

39. 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).

40. 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 (cf. above: a "Nouveau Centre" for a new beginning) 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. A specific visual identity will be created for the campaign to ensure stronger engagement with the campaign. IARC plans to offer inclusion on a "donor recognition wall" in the "Nouveau Centre" for the locally recruited donors.

41. 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 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 an expression of interest by mid-2020.

42. 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, there were 211 275 UHNW individuals in the world, with a total combined net worth of US\$ 29.7 trillion. 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, where the contribution is considered substantial as it was the case for the meeting rooms in the current building named after Japanese businessman and philanthropist Ryoichi Sasakawa.

43. 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). Scientific 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.

44. As a summary, the Secretariat envisages the following stream of revenues to cover the €8.7 million funding gap of the *Optimal Scenario*:

- €1 million from the local fundraising campaign (non-state actors from Lyon), 100 gifts of €10 000 on average;
- €4 million worth of in-kind donations through the expressions of interest;
- €2 millions from UHNWI, coming from two large gifts of one million each; and
- €1.7 million from existing Participating States (by either cash donations, in-kind donations, interest-free loans, or a combination of these).

Annex 1 – Detailed funding gap scenarios.

Scenarios	Offices	Conference facilities and meeting rooms	Laboratories	Biobank	Public facilities and infrastructure	ITC equipment and infrastructure
Basic	<ul style="list-style-type: none"> - 95% of old furniture transferred and re-used even if not adapted; - no investment in acoustic partitions or up-and-down desks; 	<ul style="list-style-type: none"> - Public conference facilities partially (50%) equipped with audio/video equipment; - old furniture transferred and transferred even if not adapted; 	<ul style="list-style-type: none"> - old furniture transferred and re-used even if not adapted; - 20% of the laboratories won't be open due to absence of correct qualification; - all old lab freezers (+4°C, -20°C and -80°C) currently used in the labs transferred and re-used (high risk of failure). 	<ul style="list-style-type: none"> - no automation at all; - status quo on the number of freezers and LN2 tanks; only purchase of tanks and freezers that need to be replaced to be compliant with the new building systems; - no back-up (high risk for the transfer of samples). 	<ul style="list-style-type: none"> - Minimum security requirements to be almost compliant with UNDSS recommendations, with potential consequences on opex budget; - old furniture of the cafeteria transferred and re-used even if not adapted; - some public facilities not equipped at all (recording and interview studio, nursing mothers room, gym, restroom, etc.) or partially equipped (library). 	<ul style="list-style-type: none"> - Core ITC infrastructure (network, storage, servers) renewed (as every 5 years); - New core telephone system adapted to the new building but 75% implemented; - No investment in smart building applications or equipment; - End-users equipment not purchased (should be reported to Regular opex budget).

Scenarios	Offices	Conference facilities and meeting rooms	Laboratories	Biobank	Public facilities and infrastructure	ITC equipment and infrastructure
<i>Standard</i>	<ul style="list-style-type: none"> - 50% of old furniture transferred and re-used even if not adapted; - partial investment in acoustic partitions or up-and-down desks. 	<ul style="list-style-type: none"> - Public conference facilities partially (80%) equipped with audio/video equipment; - 50% of old furniture transferred and transferred even if not adapted. 	<ul style="list-style-type: none"> - 50% of old furniture transferred and re-used even if not adapted; - 5% of the laboratories won't be open due to absence of correct qualification; - 90% of old lab freezers (+4°C, -20°C and -80°C) currently used in the labs transferred and re-used (high risk of failure). 	<ul style="list-style-type: none"> - no automation at all; - status quo on the number of freezers and LN2 tanks; only purchase of tanks and freezers that need to be replaced to be compliant with the new building systems; - no back-up (high risk for the transfer of samples). 	<ul style="list-style-type: none"> - Minimum security requirements to be compliant with UNDSS recommendations; - some of old furniture of the cafeteria transferred and re-used even if not adapted; - some public facilities partially equipped (recording and interview studio, nursing mothers room, gym, restroom, library). 	<ul style="list-style-type: none"> - Core ITC infrastructure (network, storage, servers) renewed (as every 5 years); - New core telephone system adapted to the new building but 75% implemented; - Partial investment in smart building applications or equipment; - End-users equipment not purchased (should be reported to Regular opex budget).

Scenarios	Offices	Conference facilities and meeting rooms	Laboratories	Biobank	Public facilities and infrastructure	ITC equipment and infrastructure
<i>Optimal</i>	<ul style="list-style-type: none"> - 10% of old furniture transferred; - investment in acoustic partitions adapted to the new offices set up; - investment in new, modern and ergonomic furniture. 	<ul style="list-style-type: none"> - Public conference facilities equipped with modern, state-of-the-art audio/video equipment; - new and modern furniture adapted to each use of the conference rooms. 	<ul style="list-style-type: none"> - New furniture (benches and chairs) adapted to each use; - state-of-the-art laboratories, fully qualified, with modern equipment; - 10% of old lab freezers (+4°C, -20°C and -80°C) currently used in the labs transferred and re-used. 	<ul style="list-style-type: none"> - partial automation; - additional LN2 tanks and freezers to allow the development of the biobank, for internal use, but also to open the biobank storage to local or international partners. 	<ul style="list-style-type: none"> - security requirements fulfilled; - New and modern cafeteria facility and dining room; - all public facilities equipped with modern furniture and state-of-the-art equipment. 	<ul style="list-style-type: none"> - Core ITC infrastructure (network, storage, servers) renewed (as every 5 years); - New core telephone system fully adapted to the new building; - Fully operational smart building; - End-users equipment partially renewed.