

ANNEX II

EXTRACT FROM THE REPORT OF THE TWELFTH SESSION OF THE PROGRAM AND  
BUDGET COMMITTEE (DOCUMENT WO/PBC/12/9)

ITEM 5 OF THE AGENDA:

PROPOSED UTILIZATION OF RESERVES IN THE MEDIUM TERM

50. Discussions were based on documents WO/PBC/12/4 and WO/PBC/12/4(a), (b), (c) and (d). In introducing the item, the Controller recalled that, following the discussions on this subject at the eleventh session of the PBC, the Secretariat had prepared this revised proposal as a defined package of multi-year projects for funding out of available reserves in excess of the established target level as established by the Member States in the year 2000. She emphasized however that the proposal was based on the “status quo” in relation to the level of PCT fees and that any reduction in the level of PCT fees that may be decided by the forthcoming session of the PCT Assembly would require an adjustment of the present proposal. In case, for instance, of a reduction of 15 % as of January 1, 2008, none of the proposed projects could be financed unless member States were ready to see the reserves fall considerably below the target level.

51. Interventions on this item were made by the Delegations of Algeria (on behalf of the African Group), Argentina, Bangladesh, Brazil, Chile, Colombia, Ecuador, France, Germany, Iran (Islamic Republic of), Japan, Lesotho, Netherlands, South Africa, Switzerland, United Kingdom, United States of America and Zambia.

52. The Delegations of Japan and the United States of America indicated that they were not in a position to support the proposals set out. In the view of the Delegation of the United States of America, the proposal prejudiced the discussion on the possible reduction of PCT fees, and therefore, notwithstanding their support for the implementation of the PCDA recommendations, it considered that the proposal could not be supported as presented. The Delegation of Japan indicated that in their view, the users of PCT’s services should be the primary beneficiaries of surpluses and reserves generated by the PCT.

53. The Delegations of Germany and the United Kingdom indicated openness to considering a possible fee reduction, but did not consider that this would necessarily have to be at the level of 15%. They did not feel it appropriate to indicate priorities among the proposed five projects at this time.

54. The Delegations of Algeria (on behalf of the African Group), Argentina, Brazil, Colombia, Ecuador, Iran, Lesotho, South Africa and Zambia indicated their support for the proposal, highlighting that their main priority was the funding of Development Agenda activities, although no objections were raised to funding of any of the other four proposed projects.

55. The Delegations of France, Netherlands and Switzerland stated that they supported raising the target level of reserves as per recommendation of the External Auditor, although not necessarily to 25% of biennial expenditure, if this was not financially feasible at this time.

56. A number of questions were raised by the Delegations of France, Germany, the Netherlands, Switzerland and the United Kingdom regarding the role of the Project Board proposed by the Secretariat in document WO/PBC/12/4(a).

57. In response to these questions, the Controller clarified that the proposed Board would be made up of WIPO senior staff, whose role would be to assure Member States that the proposed funds are used meaningfully and only for the purpose of the Development Agenda. This mechanism was also proposed in order to strengthen the internal oversight mechanism for implementation of the activities as approved by Member States.

58. The Delegation of Switzerland indicated that, while it fully supported the decision which had been taken within the framework of the PCDA, in their view it was premature to decide on the allocation of reserves for the implementation of activities related to the Development Agenda. An increased level of resources had already been proposed for Development Agenda activities in the Revised Budget for 2006/07 as well as in the proposed Program and Budget for 2008/09, while the full overview and plan for the implementation of the 45 recommended proposals has not yet been elaborated.

59. In reply to questions by the Delegations of France, Netherlands and United Kingdom, the Controller stated that the proposed earmarking of five million Swiss francs from the reserves for the implementation of Development Agenda activities, was intended to complement funding already available under several programs of the regular budget, and that this complementary proposal had been made also in view of the fact that the implementation of the Development Agenda may involve multi-year projects, which would be more appropriate to fund from resources made available beyond the biennial timeframe.

*60. The Program and Budget Committee took note of the five projects presented by the Secretariat under agenda item 5 and recommended to the 2007 session of the Assemblies of the WIPO Member States to take a decision on the implementation of these five projects.*

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