

# WIPO



WO/PBC/2/3 Add.1

ORIGINAL: English

DATE: September 13, 2000

**E**

**WORLD INTELLECTUAL PROPERTY ORGANIZATION**

GENEVA

## **PROGRAM AND BUDGET COMMITTEE**

### **Second Session**

**Geneva, September 20 to 22, 2000**

PROGRAM 12 (INFORMATION TECHNOLOGY PROJECTS):  
REAPPROPRIATION OF ELAPSED BUDGET AUTHORITY 1998-1999  
FINANCED BY THE SPECIAL RESERVE FUND (SRF) FOR ADDITIONAL PREMISES  
AND COMPUTERIZATION

ADDENDUM

*Memorandum of the Director General*

### **I. INTRODUCTION**

1. Following a request from certain Member States, this document has been prepared for additional background information and to further clarify expenditure on the WIPONET Project. Information has also been provided on the total funds allocated to Information Technology in the period 2000-2001.

### **II. WIPONET-RELATED EXPENDITURE IN THE 1998-1999 BIENNIUM**

2. Within the 1998-1999 Program and Budget, the WIPONET Project and its associated services (e.g., the IPDL Project) were covered by sub-programs 12.1 and 12.2, respectively. At the time of the drafting of the proposed 1998-1999 Program and Budget, program delivery under both sub-programs was based on a number of important assumptions, namely that:

Under 12.1 – Establishment and Operation of a Global Information Network

(a) a global information network (WIPONET) would be established for all Intellectual Property Offices (IPOs);

(b) state-of-the-art facilities would be established at the International Bureau to ensure that the network would operate 24 hours a day;

Under 12.2 – Provision of Intellectual Property Services

(c) provision of intellectual property information through the WIPONET would progressively be made available, and work on standardization, common search tools and security would also be undertaken.

3. Sub-program 12.1 (essentially the WIPONET Project) received a budget of 11.6 million Swiss francs from the Special Reserve Fund (SRF). However, when a Request for Proposal (RFP) was sent to vendors, it quickly became obvious that the cost of providing the global network as originally envisaged was far in excess of WIPO's funding capabilities. Therefore, as noted in document SCIT/WG/2/2, dated November 10, 1999, paragraphs 12 and 13, due to budgetary considerations, in particular with respect to the on-going costs of WIPONET, a number of Project deliverables were scaled down or deferred. It is important to note that the project costs were not increased but rather that the project scope was reduced to fit the size of the available budget. The subsequent Project re-scoping and planning thus delayed the implementation of WIPONET into the 2000-2001 biennium (as described in document WO/PBC/2/3), incurring a non-staff cost underspend for the 1998-1999 biennium of 6,406,000 Swiss francs.

4. A further impact of this delay was felt in sub-program 12.2 where work on the services to be made available over the WIPONET infrastructure had to be postponed. The resulting non-staff cost underspend for sub-program 12.2 totaled 5,997,000 Swiss francs.

### III. EXPENDITURE IN THE 2000-2001 BIENNIUM

5. The Program and Budget document for the 2000-2001 biennium divides the work of Information Technology into two main areas:

12.1 - WIPONET

12.2 - Intellectual Property Information Services

6. As with the document for the previous biennium a number of assumptions had been made, the most important of which being that, by January 2000, the WIPONET network would be operational. It was for this reason that a decision was taken to incorporate under the WIPONET Program all associated Information Technology services. Therefore, sub-program 12.1 in 2000-2001 represented an amalgamation of sub-programs 12.1 and 12.2 from the previous biennium. It is important to emphasize the difference in sub-program definition and scope with regards to WIPONET between the two Program and Budget documents. Sub-program 12.1 in the current biennium document represents the WIPONET Program and not simply the WIPONET Project.

7. A breakdown of activity costs under sub-program 12.1 follows:

Cost breakdown for sub-program 12.1 for the 2000-2001 biennium  
by major activity  
(in thousands of Swiss francs)

IT Area/Project	A	B	C	D	TOTAL
Non-Staff costs	7,751	9,600	1,500	1,200	20,051
Staff costs	8,494	2,020	942	-	11,456
<b>TOTAL:</b>	<b>16,245</b>	<b>11,620</b>	<b>2,442</b>	<b>1,200</b>	<b>31,507</b>

Key to IT Activity:

A – IT Systems and Operational Services

B – WIPONET Project

C – IT Business Management Section

D – FOCUS Project (infrastructure upgrade and computer room construction)

8. Document SCIT/5/4, dated May 15, 2000, detailed an approach to the WIPONET Project which would enable the International Bureau to gradually deploy WIPONET throughout the current biennium and, in doing so, deliver a global network infrastructure that is financially viable in the long term. Paragraph 3 of the document stated that to achieve the deployment during this biennium, an amount of 20 million Swiss francs would be required. This sum does not include the sum of 2,020,000 Swiss francs which covers WIPONET Project staff costs and is provided from the WIPO Regular Budget.

9. As can be seen from the table above, the current non-staff budget available to the WIPONET Project for 2000-2001 of 9.6 million Swiss francs falls short of the required sum by 10.4 million Swiss francs. However, it is hoped that this shortfall will be met by the proposed reappropriation of the 1998-1999 unspent balance of 10 million Swiss francs.

10. As indicated in document SCIT/5/4, paragraph 9, WIPONET contract negotiations are expected to be completed by early November 2000, with work under the contract to start shortly thereafter. As this Project is almost entirely outsourced to a major consortium, it would be very difficult at this stage to introduce further constraints on the Project and failure to secure the necessary funding would quite possibly place the entire project at risk.

11. However, if the reappropriation is approved, and given the current status of the Project, it can be expected that a rapid deployment would occur and that the total budget (staff and non-staff) of 21,620,000 Swiss francs would be fully utilized during this biennium.

## IV. EXPENDITURE IN THE 2002-2003 BIENNIUM

12. Document SCIT/5/4, paragraph 5, gave details for the on-going operational and connectivity costs associated with the WIPONET Project, which are estimated at 24.6 million Swiss francs for the 2002-2003 biennium. This sum is inclusive of staff costs and would cover deployment to a further 87 IPOs currently with no Internet connectivity, operation of the International Bureau's central services (available to all IPO's), and Project Management costs. This results in an average running cost of 16,000 Swiss francs per IPO, based on a total of 150 IPOs that would be connected under the WIPONET Project.

13. The total cost of the WIPONET Project can be summarized as follows, figures are shown in thousands of Swiss francs:

Biennium	Budget		Comment
	Non-staff	Staff	
1998-1999	11,600	1,160	
2000-2001	9,600	2,020	Figure does not include reappropriation
2002-2003	22,100	2,500	Figures are estimates only
Total:	43,300	5,680	

## V. WIPO'S TOTAL INVESTMENT IN INFORMATION TECHNOLOGY

14. When considering expenditure on the WIPONET Project it is important that it be looked at in the wider context of WIPO's total investment in Information Technology projects and activities. The annex to document WO/PBC/2/3 gives a total for expenditure for Main Program 12 in the 2000-2001 biennium of 76,032,000 Swiss francs. Two clarifications have been requested on this table. Firstly, the sum of 24,092,000 Swiss francs for staff costs is different to that given in the Program and Budget document of 17,135,000 Swiss francs (document A/34/2, Annex 5). The difference is due to a decision taken within the International Bureau to transfer responsibility for the operations of computer systems within the PCT to Main Program 12. The sum in question having been moved from sub-program 13.2.

15. Secondly, the figures do not include the non-staff budget for the IMPACT Project. A sum of 40 million Swiss francs was appropriated from the SRF for the duration of the Project, currently estimated to run over a four-year period, and is therefore not tied to any particular biennial budget.

Figures for investment in Information Technology,  
by major activity, for 2000-2001

Activity	Budget for Biennium *	Percentage of Budget
Core IT systems	17,043	17%
IPI Services	8,696	9%
PCT operations	15,826	16%
Impact Project	40,000	40%
WIPO <sub>NET</sub> Project	12,020	12%
IPDL Project	4,679	5%
Business Management	2,442	2%
Total:	100,706	100%

\* Figures include staff and non-staff costs but not proposed reappropriations

*16. The Program and Budget Committee and the  
WIPO General Assembly are invited to take note of  
the information contained in this document.*

[End of document]