

## A. FINANCIAL OVERVIEW 2000-2001 AND 2002-2003

19. The proposed budget for 2002-2003 amounts to Sfr512,600,000. This reflects an increase of Sfr62,242,000 or 13.8 per cent over the revised budget for 2000-2001 of Sfr450,358,000. The income for the 2002-2003 biennium is estimated at Sfr531,782,000 which reflects an increase of Sfr5,737,000 or 1.1 per cent over the revised income for 2000-2001 of Sfr526,045,000. The detailed proposals are elaborated in Section B.

20. This is the first time revised budget and income estimates are presented for an ongoing biennium. The revised estimates are compared to the initial estimates as presented in document A/34/2 of March 12, 1999. The introduction of such a presentation is designed to increase the transparency of previous budgetary practice, as outlined in Section C. The revised budget of Sfr450,358,000 exceeds the initial budget of Sfr409,705,000 by Sfr40,653,000 or 9.9 per cent. The revised income is estimated at Sfr526,045,000, which reflects an increase of Sfr116,161,000 or 28.3 per cent over the initial income of Sfr409,884,000. As a result, the surplus for 2000-2001 amounts to Sfr75,687,000. A summary of the proposals is presented in Table 1.

**Table 1. Budget and Income 2000-2001 and 2002-2003**

(thousands of Swiss francs)

	2000-2001		Variation		2000-2001		Variation		2002-2003
	Initial				Revised				Proposed
	A		B	B/A (%)	C		D	D/C (%)	E
A. Budget	409,705		40,653	9.9	450,358		62,242	13.8	512,600
B. Income	409,884		116,161	28.3	526,045		5,737	1.1	531,782
<b>Surplus, B-A</b>	<b>179</b>				<b>75,687</b>				<b>19,182</b>

21. The budget proposals can be viewed in relation to a number of workload and income indicators, including demand-driven workload indicators such as number of applications, registrations and filings, and income indicators such as level of the contribution unit and average fees collected. Such indicators are shown in Table 2.

22. As illustrated in Table 2, both PCT international applications and filings for on-line dispute resolutions have increased substantially. It also indicates the reduction in the average fee for the PCT and the Hague in 2002-2003 and fee increases for on-line dispute resolution. The latter will ensure a full cost-recovery system for this new service provided to Member States.

**Table 2. Selected Workload and Income Indicators 2000-2001 and 2002-2003**

	2000-2001		Variation		2000-2001		Variation		2002-2003
	Initial				Revised				E
	A	B	B/A (%)	C	D	D/C (%)			
<b>A. Selected Workload Indicators</b>									
PCT international applications	172,000	25,000	14.5	197,000	39,000	19.8		236,000	
Madrid registrations and renewals	53,000	10,800	20.4	63,800	4,200	6.6		68,000	
Hague deposits and renewals	14,000	900	6.4	14,900	1,200	8.1		16,100	
On-line dispute resolution filings	1,200	3,300	275.0	4,500	2,200	48.9		6,700	
<b>B. Selected Income Indicators (in Swiss francs)</b>									
Contribution unit	45,579	-	-	45,579	-	-		45,579	
PCT average fee	1,736	187	10.8	1,923	(318)	(16.5)		1,605	
Madrid average fee	884	(48)	(5.4)	836	-	-		836	
The Hague average fee	660	42	6.4	702	(70)	(10.0)		632	
On-line dispute resolution fee	417	320	76.7	737	963	130.7		1,700	

23. In addition to the introduction of a revised budget for the current biennium, the presentation of budget and income estimates for 2000-2001 and 2002-2003 has been expanded and improved to enhance transparency and codify budgetary practice, summarized in Appendix 1. This includes a new arrangement for budget allocation by Union as shown in Section B and the detailed presentation of income estimates as shown in Section D. This also includes a detailed description of the various budget stages and the presentation of a new budgetary policy on Information Technology in Appendix 1. Financial indicators for the 10-year period 1996 to 2005 are shown in Appendix 2 and the flexibility formula for budget adjustments is described in Appendix 3.

24. Other changes include the introduction of a resource plan for 2000-2001 and 2002-2003 as shown in Table 3 which provides for an integrated view of all resources at the disposal of WIPO.

25. The resource plan illustrates the interrelationship between budget estimates and resource availability for the regular budget by Union, surplus projects and trust funds and the related movements of fund balances, including the Union reserves. Table 3 indicates the increase of Sfr40,653,000 in the revised budget (line 2) and the revised income of Sfr116,161,000 (line 5). The proposals for the 2002-2003 biennium include the initial budget of Sfr512,600,000 (line 9) and initial income estimate of Sfr531,782,000 (line 10). The surplus for the 2000-2001 biennium of Sfr75,687,000 (line 7) and for the 2002-2003 biennium of Sfr19,182,000 is transferred to the related Union reserve funds (line 16). A detailed illustration of the resource table is provided in Appendix 1.

**Table 3. Resource Plan 2000-2001 and 2002-2003**  
(thousands of Swiss francs)

Budget and Resource Availability	Regular Budget						Surplus Projects G	Trust Funds H	TOTAL I=F+G+H
	Contribution-financed Unions A	PCT Union B	Madrid Union C	Hague Union D	Arb./Others E	Total F=A+...E			
<b>Budget 2000-2001</b>									
1. Initial budget estimate	38,612	305,305	54,628	9,546	1,614	409,705	80,000	21,000	510,705
2. +/- Change in budget estimate	-	30,452	5,738	903	3,560	40,653	35,500	-	76,153
3. Total, revised budget	38,612	335,757	60,366	10,449	5,174	450,358	115,500	21,000	586,858
<b>Resource availability 2000-2001</b>									
4. Initial income estimate	38,718	307,879	51,946	9,727	1,614	409,884	-	17,500	427,384
5. +/- Change in income estimate	268	98,387	11,230	2,181	4,094	116,161	126,826	-	242,986
6. Total, revised income	38,986	406,266	63,176	11,908	5,708	526,045	126,826	17,500	670,370
7. +/- Transfer from/to fund balance	(374)	(70,509)	(2,810)	(1,459)	(534)	(75,687)	(11,326)	3,500	(83,512)
8. Total, resources	38,612	335,757	60,366	10,449	5,174	450,358	115,500	21,000	586,858
<b>Budget 2002-2003</b>									
9. Initial budget estimate	38,612	378,662	67,600	11,250	16,476	512,600	165,800	20,500	698,900
<b>Resource availability 2002-2003</b>									
10. Initial income estimate	38,430	399,395	66,465	11,486	16,008	531,782	-	18,500	550,284
11. +/- Transfer from/to fund balance	182	(20,733)	1,135	(236)	468	(19,182)	165,800	2,000	148,616
12. Total, resources	38,612	378,662	67,600	11,250	16,476	512,600	165,800	20,500	698,900

  

Fund Balances	Reserve and Working Capital Funds (RWCF) <sup>a/</sup>										Surplus Projects G	Trust Funds H	TOTAL I=F+G+H
	CFU A	PBE %	PCT B	PBE %	Madrid C	PBE %	Hague D	PBE %	Arb/Others E	Total F=A+...E			
13. Level 31/12/1999	18,951	42	18,768	7	26,073	47	1,356	17	62,184	127,332	n/a	n/a	n/a
14. New surplus policy	-		58,702		2,612		871		(62,184)	-	n/a	n/a	n/a
15. Level 31/12/1999 adjusted	18,951	42	77,470	29	28,685	52	2,227	27	-	127,332	174,678	8,569	310,691
16. +/- Transfer to/from fund balance	374		70,509		2,810		1,459		534	75,687	11,326	(3,500)	83,512
17. (-) Newly approved projects	-		(111,358)		(13,255)		(2,213)		-	(126,826)	n/a	n/a	n/a
18. Level 31/12/2001	19,325	50	36,621	11	18,240	30	1,473	14	534	76,192	186,004	5,069	267,377
19. +/- Transfer to/from fund balance	(182)		20,733		(1,135)		236		(468)	19,182	(165,800)	(2,000)	(148,616)
20. Level 31/12/2003	19,143	50	57,354	15	17,105	25	1,709	15	66	95,377	20,204	3,069	118,761
21. Target 31/12/2003	19,306	50	56,799	15	16,900	25	1,688	15	n/a	n/a	n/a	n/a	n/a

a/ Does not include Separation Reserve of Sfr12,705,300 as of 31/12/1999; n/a: not applicable.

26. Table 3 also indicates the approval of projects of Sfr126,826,000 during the 2000-2001 biennium and the funding from surplus resources under the corresponding Union reserve (line 17). This includes the budget increase for the renovation of the ex-WMO building of Sfr28,600,000, the re-appropriation of WIPONET funds of Sfr15,326,000 approved in September 2000 and new and amended information technology projects totaling Sfr82,900,000 presented to the Program and Budget Committee in April 2001. Those projects are presented in parallel and outside the regular program and budget in accordance with the new budget policy for information technology projects set out in Appendix 1.

27. Table 3 also illustrates the application of the new reserve and surplus policy as approved in September 2000. This includes the redistribution of uncommitted funds of Sfr62,184,000 previously contained in the Special Reserve Fund to the corresponding Union reserves (line 14). It also includes the introduction of targets to determine the appropriate level of reserves (PBE factors). With the conclusion of the biennium 2002-2003, the financial scenario evolves towards the PBE targets as established by Member States in September 2000.

28. Table 3 presents additional information on the implementation of surplus projects and trust fund activities. Expenditure under surplus projects is expected to reach Sfr115,500,000 in 2000-2001 (line 3) and Sfr165,800,000 in 2002-2003 (line 9). Taking into account the resources made available for projects approved during 2000-2001, the fund balance of all surplus projects is expected to increase to Sfr186,004,000 (line 18) by December 31, 2001, followed by a sharp decrease to Sfr20,204,000 (line 20) by December 31, 2003. Information provided on trust fund activities indicates estimated expenditure of Sfr21,000,000 in 2000-2001 (line 3) and Sfr20,500,000 in 2002-2003 (line 9).

29. In addition to the overview for 2000-2001 and 2002-2003, financial indicators are presented for the 10-year period from 1996 to 2005 in Appendix 2. The presentation illustrates the rapid growth of WIPO, in particular of the PCT Union. It is also shown that the growth in resource utilization is anticipated to peak during the 2002-2003 biennium, in particular due to the implementation of major information technology and building projects funded from surplus resources. With the conclusion of those projects, it is further anticipated that subsequent growth will be considerably lower as compared to the growth in volume of work. This would be the direct result of efficiency gains due to automation and a reduction in rental cost due to utilization of new WIPO-owned facilities.

[Part B follows]