

# WIPO



WO/PBC/3/5  
ORIGINAL: English  
DATE: April 27, 2001

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WORLD INTELLECTUAL PROPERTY ORGANIZATION  
GENEVA

## PROGRAM AND BUDGET COMMITTEE

Third Session  
Geneva, April 25 to 27, 2001

### REPORT

*adopted by the Committee*

1. The third session of the WIPO Program and Budget Committee, hereinafter referred to as “the Committee,” was held at the headquarters of WIPO from April 25 to 27, 2001.
2. The members of the Program and Budget Committee are the following States: Algeria, Bulgaria, Canada, Chile, China, Colombia, Croatia, Ecuador, Egypt, France, Germany, Hungary, India, Jamaica, Japan, Mexico, Morocco, Netherlands, Nigeria, Norway, Pakistan, Paraguay, Philippines, Republic of Korea, Russian Federation, Senegal, Slovakia, South Africa, Sri Lanka, Switzerland (*ex officio*), United Kingdom, United States of America and Uzbekistan (33). The members of the Program and Budget Committee which were represented at the session were the following: Algeria, Bulgaria, Canada, Chile, China, Colombia, Croatia, Ecuador, Egypt, France, Germany, Hungary, India, Jamaica, Japan, Mexico, Morocco, Netherlands, Nigeria, Paraguay, Philippines, Republic of Korea, Russian Federation, Senegal, Slovakia, South Africa, Sri Lanka, Switzerland (*ex officio*), United Kingdom, United States of America (30). In addition, the following States members of WIPO but not members of the Program and Budget Committee were represented as observers: Argentina, Australia, Belarus, Benin, Bosnia and Herzegovina, Brazil, Cameroon, Congo, Côte d’Ivoire, Cuba, Democratic People’s Republic of Korea, Dominican Republic, El Salvador, Ethiopia, Ghana, Guatemala, Guinea, Haiti, Indonesia, Iraq, Ireland, Italy, Kenya, Latvia, Madagascar, Malaysia, Malta, Nicaragua, Panama, Peru, Portugal, Romania, Saudi Arabia, Spain, Thailand, Turkey, Uganda, Uruguay, Venezuela and Viet Nam (40). The list of participants is provided as the Annex.

3. Discussions were based on documents WO/PBC/3/2 (“Draft Program and Budget for the 2002-2003 biennium”), WO/PBC/3/3 (“Information Technology Projects to be Financed by Surplus Resources”) and WO/PBC/3/4 (“Accounts for the 1998-1999 biennium”).
4. The session was opened by Mr. François Curchod, Deputy Director General, who welcomed the participants on behalf of the Director General of WIPO.
5. The Committee unanimously elected Mr. Arturo Hernández Basave (Mexico) as Chairman and Mr. Milan Majek (Slovakia) and Mr. James H. Williamson (United States of America) as Vice-Chairmen of the Committee.
6. The Chairman invited any observations on the draft agenda contained in document WO/PBC/3/1 Prov. In the absence of any comment, the agenda was adopted.
7. All delegations congratulated the Chairman and the two Vice-Chairmen on their election, and thanked the Chair, especially, for holding the very productive and transparent round of informal consultations on the draft program and budget.
8. The Chair invited the Secretariat to introduce the program and budget document.
9. The Secretariat, first of all, apologized for the delay in making available the documents in certain languages, which was due to the considerably higher demand for document translation services, and gave assurances of their timely delivery in the future.
10. In introducing the draft program and budget document, the Secretariat noted the expanding interest worldwide in the potentials of intellectual property (IP), its roles in business, international trade, cultural advancement and knowledge creation, and the challenges facing the organization in promoting and adapting intellectual property to rapid socio-economic, cultural and technological changes and, in particular, the need to maximize the benefits from the ongoing Internet revolution. Significant accomplishments have been attained in realizing WIPO’s vision of using intellectual property as a force to empower individuals and nations in both knowledge and wealth creation. The proposed draft program and budget document was based upon a more focused implementation strategy, the new budget process approved by the General Assembly last year, and the overall assessment of recent developments and trends. The revised program structure and more pragmatic budgeting would enable a better response to the continuously increasing market demands and the new challenges due to the growing importance of intellectual property. With regard to the strategy in preparing the document, three points were noted: first, the need to fine-tune the existing Main Programs for greater depth and focus and to further enhance the efficiency of the activities, based on the solid foundation in place since 1998, in view of the use of a result-based program and budget and the restructuring of the organizational environment. Second, the need for timely delivery of WIPO’s services with the highest possible quality, in response to the ever-growing and dynamic market demands for WIPO’s global protection systems and services, i.e., the PCT, Madrid and The Hague systems and the on-line domain name dispute resolution services. Third, the importance and necessity of investments in WIPO’s information technology (IT) infrastructure to ensure the most cost-effective, speedy and reliable operations for the provision of intellectual property protection services for Member States and users.
11. The Secretariat also summarized the key indicators of the budget proposals. The proposed budget for 2002-2003 amounts to 512.6 million Swiss francs, reflecting an increase

of 13.8 per cent as compared to the revised budget 2000-2001 of 450.4 million Swiss francs. That revised budget for 2000-2001 reflects an increase of 9.9 per cent as compared to the initial budget of 409.7 million Swiss francs. In addition, increases in the on going and new IT projects are proposed in the amount of 82.9 million Swiss francs.

12. The proposed budget increases are required to meet the growing demand for WIPO's global protection systems and services. It was noted that a further increase in the range of 14.5 per cent is now expected, compared to the anticipated increase of 24.6 per cent, for PCT applications during the current biennium and an increase of nearly 20 per cent during 2002-2003. Major growth was experienced and would continue to be expected for on-line dispute resolution filings. Increases in the provision of services would provide the fee income to fund the proposed regular budget and project activities. Balancing the requirements with available resources would be achieved, while proposing a further decrease in the PCT application fee of 16.5 per cent during the next biennium. As a result, PCT fees would have been reduced by a total of 45 per cent compared to 1997.

13. With regard to the contribution-financed activities, the budget reflected a zero nominal growth and no change in the contribution of each Member State. The presentation of the budget proposals has been improved by increasing transparency and providing additional information on key budgetary and financial issues, including the revised budget for the current biennium in Section C of the document. While budget adjustments were previously reported in the context of the financial management report issued after the conclusion of the budget period, their introduction in the budget document was considered a major step forward in increasing budget transparency. The revised budget mainly reflected the application of approved budget flexibility formulas, which were elaborated and codified for the first time in Appendix 3 of the document. The proposed regular budget was elaborated in the context of the overall financial situation of the Organization through the introduction of new information on reserves, surplus-funded projects and trust fund activities. Specifically, Table 3 of the document presented a resource plan for the current and forthcoming biennia, which illustrated, among others, the introduction of the new surplus and reserve policy approved by the General Assembly in September of last year.

14. Other innovations in the budget format included the detailed presentation of income estimates in Section D of the document, a description of budget methodology in Appendix 1, the presentation of financial indicators for a ten-year period up to 2005 in Appendix 2, and an improved arrangement for budget allocation by Unions and Programs shown in Table 8. Finally, a new budget policy for IT was presented. As indicated in Part D of Appendix 1, the current arrangement was not satisfactory due to the fact that recurring IT expenditures, including the maintenance of IT infrastructure, were partly funded under the regular budget and partly from surplus resources. One-time projects were subject to a mixture of funding, and IT activities were dispersed in a number of Main Programs, thus limiting transparency and proper management. The IT budget arrangement has now been put on a rational basis, with recurring IT costs being consolidated in Main Program 15 and fully-funded under the regular budget. Program 15 was estimated at 49.1 million Swiss francs and it could be anticipated that amounts in a similar range would be required on a recurring basis for the years to come to maintain the current IT infrastructure of WIPO. In addition, as part of the new IT budget policy, all major non-recurring activities are maintained off-budget, similar to the investments in buildings, and applies to projects already approved, such as IMPACT and WIPONET, as well as those newly proposed, such as PCT E-filing and AIMS (the Administrative Information Management System). Classifying these one-time ad hoc projects as regular budget activities would inflate the budget envelope, undermine budgetary

discipline, and limit budget transparency in the years to come. Whereas the IT projects are presented in a separate document, an integrated budget picture, including regular budget and all project activities, is elaborated prominently in the introduction of the regular budget document.

15. Major investments in the future of WIPO, including approved building and IT projects as well as currently proposed new IT projects, are anticipated in the next biennium. As shown in the presentation of the financial indicators in Appendix 2 of the document, project expenditures would peak in 2002 followed by the gradual completion of the projects, and these investments would result in major efficiency gains after 2003 through IT automation and reduced rentals cost due to the availability of additional WIPO-owned premises.

16. The Delegation of Malaysia, speaking on behalf of the Group of countries in Asia and Pacific, commended the Secretariat for the transparency of the document and the process of informal consultations. The document, with its well-defined objectives, strategies and activities, was broad enough to embrace the concerns and interests of divergent members and bold enough to reflect the dynamic changes required. Significant investments in IT infrastructure and their importance over a long-term were recognized. While endorsing the proposed budget increase from 450 million Swiss francs to 512.6 million Swiss francs, it approved the reduction of fees for PCT and The Hague applications and supported the increase of arbitration fees in providing dispute resolution services to allow for their cost recovery. It also supported the creation of a new program of activities focused on the needs of small and medium-size enterprises (SMEs) in the area of intellectual property as they formed the backbone of the economies in the Asian region. While welcoming activities planned in the area of protecting genetic resources, traditional knowledge and folklore, it stressed the need for financial assistance to representatives from developing and least developed countries (LDCs) to enable their active participation in various meetings and events. The Delegation expressed its satisfaction for the review by WIPO of its overall strategy for cooperation for development, in particular the need to strengthen assistance to developing countries and LDCs in the modernization and automation of intellectual property Offices (IPOs). In respect to human resources management, the need for more equitable geographical representation in the recruitment policies of WIPO was emphasized.

17. The Delegation of Madagascar, speaking on behalf of the African Group, congratulated the Secretariat for the transparent nature of its informal consultations, the well-defined plan of action for the next two years, and the new budgetary policy on IT activities, which was a part of the future vision and strategic orientation of WIPO adopted in 1999. While noting an increase of 13.8 per cent in the proposed budget for the next biennium as compared to the current biennium, it acknowledged that no increase in the level of Member States' contributions was envisaged. Enhanced program objectives and a budget increase of around 13.4 per cent for development cooperation activities for developing countries were welcomed. In respect to investment of surplus funds in IT projects, the development of IT services in the developing countries to promote local IPOs was emphasized. Specific areas of interest to developing and least developed countries (LDCs), such as drafting of intellectual property laws and rules, strengthening of administrative capacity and enforcement of intellectual property laws, which require further assistance, were pointed out. Proposed fee reductions for The Hague and PCT systems and an increase in the arbitration fees were approved on the condition that reductions in PCT fees would not adversely affect the availability of resources for other programs, in particular, programs for cooperation with developing countries. The Delegation expressed its support to the program and budget for 2002-2003 biennium.

18. The Delegation of France, speaking on behalf of Group B, expressed its appreciation to the Secretariat and, in particular, to the Director General, Office of the Controller and the Office of Strategic Planning for their efforts in the reform of the budget preparation process that was adopted in the last General Assemblies meeting in September 2000. The Group wished to add that the Secretariat's participation in the consultation meetings, at which many questions had been answered, had made it easier to review the facts and proposals. It did however express regret at the lateness with which documents in all languages had been distributed, which had made the work of some delegations very difficult. It recalled the decision of the General Assemblies that the working documents should be made available for review in all working languages of WIPO six weeks before the first meeting of the Program and Budget Committee in April. The Group was pleased that the figures in the draft program and budget had been taken from forecasts based on present results. It suggested that it was an approach that should become standard practice, and that the provisional accounts of the most recent year in future be available when the draft budget was under consideration. It further proposed that in future the Committee agenda always start with a review of the results of the previous biennium.

19. Further comments were made by the Delegation of France on five main points. On the format of the new budget, while expressing satisfaction with the proposed restructuring of the biennial budget into four major chapters, and the Secretariat's intention to seek efficiency gains through consolidating similar services, it emphasized the importance of producing a fully integrated budget covering all activities, including IT and premises' projects. More details were requested on the progress, scheduled deadlines, expected results and performance indicators for those projects. The Delegation also wished to know whether cooperation with the other major intellectual property offices had been considered for the projects. It proposed that the SCIT be requested, before funds were allocated for the proposals, to ascertain whether they were equal to needs. In addition it asked the Secretariat to give an account of the implications of the restructuring for the mandates of staff, and especially for the responsibilities that would be entrusted to the various Deputy and Assistant Directors General. With respect to program contents, clarifications were requested on the status of certain programs and their classification within the proposed structure. As for the implementation of intellectual and industrial property rights, it emphasized the importance of the work of the consultative committees, and in particular questioned the wisdom of reducing their budgets. It also stressed the need to make enough funds available for translation and interpretation services. It noted the mention of the WIPO offices in Washington, New York and Brussels (sub-program 09.2), whose task was to promote understanding of WIPO and intellectual property issues, and requested appropriate information justifying the project. On the issue of the budget level, proposed fee reductions for PCT and The Hague systems were approved. Concern was expressed by the Delegation with the persistent under-estimation of revenues derived from PCT registrations. The Secretariat was requested to re-examine revenue estimates for 2002-2003 and to provide a clearer rationale for its forecasts of income and costs. With regards to the control mechanisms, the Secretariat was encouraged to create new specific evaluation instruments, as suggested by the External Auditor in his examination of the 1998-1999 accounts, and to further develop an improved evaluation and reporting of program performance. On the issue of expenditures for the 1998-1999 biennium, the Secretariat was requested to provide in due time its clarifications on the higher than scheduled expenditures for staff missions, and for Main Programs 2, 3, 6, 8, 12, 16 and 18. Additional information on personnel matters, including the personnel separation expenses, budgetary posts and short-term contracts, was also requested.

20. The Delegation of India expressed its appreciation to the Secretariat for the open and transparent consultations held by the Secretariat with the delegations and its support for the present program and budget proposals. Having associated itself with the statement made by the Delegation of Malaysia on behalf of the Asian Group, the Delegation thanked the Director General for the high priority given to the cooperation for development program, which would enable developing countries to optimally use the intellectual property system for economic development. In this respect, the need for increased support from WIPO to developing countries in attending various meetings to acquire a better understanding of the importance of intellectual property issues and their protection was emphasized. The important role of the WIPO Worldwide Academy (WWA) in human resource development and WIPO's efforts to achieve excellence in the content and quality of the training activities were acknowledged. The Delegation also supported the proposed investments in IT-related projects. In particular, the investment in WIPONET and its role in overcoming a digital gap between developed and developing countries were noted. WIPO's efforts to address the emerging issues of global importance and the creation of a new program on intellectual property-related needs of SMEs were fully supported. The Delegation welcomed the program on intellectual property and genetic resources, traditional knowledge and folklore and said it addressed a long felt need for addressing these issues for developing countries.

21. The Delegation of Algeria supported proposals made by the Secretariat regarding the draft program and budget and associated itself with the statement made by Madagascar speaking on behalf of the Africa Group. The importance of the new budget's strategic objectives in taking up the challenges of the new century and in generating wealth were emphasized. It expressed its support to the approach developed by the Secretariat in ensuring a better assistance to various clients and stakeholders based on individual cultures and languages. The growing interest in intellectual property should be taken at its full advantage so that economic growth in developing countries could be achieved. In regards to the use of surplus resources for new technologies, the area of IT infrastructure for cooperation and the promotion of intellectual property in developing countries was stressed. Strengthening national capacities in terms of intellectual property in developing countries through the assistance and partnership would be appropriate measures to help confront emerging issues in those countries. The efforts of the Secretariat to implement better performance indicators and the assessment system were also noted.

22. The Delegation of Switzerland associated itself with the statement made by the Delegation of France speaking on behalf of Group B. It congratulated the Secretariat for the improvements in the budget development, its presentation and information sharing. While noting WIPO's efforts to achieve transparency, it suggested that certain improvements could be made, in particular by presenting a consolidated budget for the better comparison of different biennia, which would cover all of the Organization's activities, including IT and premises projects. It also welcomed WIPO's efforts to focus on Main Programs, increase the effectiveness of activities, develop a more coherent program structure and reduce the number of sub-programs. It wished in future to have relevant information provided systematically at the start of the meeting of the Committee. It indicated that sufficient funding should be provided to foster the development of international intellectual property law. Assistance to developing countries, LDCs and countries in transition should also be continued. As such, a budget increase was justified. Funding in IT projects would represent on-time, time-bound investments and should increase efficiency and productivity of the organization. Clarifications on the levels of income estimates were requested in light of proposed reductions in PCT fees. While expressing concern for the projected 20 million surplus, the Delegation noted its transitional nature. With reference to sub-program 05.2, the Delegation remarked

that the item in the draft program and budget on SCT activities in connection with geographical indications did not reflect the present status of the discussions going on within the SCT. In view of that status, it seemed appropriate that the program and budget should include activities concerning geographical indications among those of the SCT. It was not appropriate, however, to provide merely for the continuation of the SCT work started in the 2000-2001 biennium, with the various issues as mentioned in the present draft program and budget, in view of the absence of agreement on the subject. It expressed its view, in light of the current situation, that the question should be rediscussed with the SCT, or indeed by the Assemblies, before the Committee could adopt a proposal on the activities in question. It hoped that that would be possible in September. It requested to be informed of the financial implications of the Brussels, New York and Washington, D.C., Offices. It welcomed the work of the WWA in becoming a center of excellence and expressed its appreciation of the efforts undertaken under the distance learning activities. It felt that sufficient funds should continue to be allocated to activities in the field, as the Internet was not accessible to all.

23. The Delegation of the Russian Federation, speaking on behalf of the Central Asian, Caucasus and Eastern European Group, noted the late submission of the Russian version of the document. It expressed the hope that this would not be a recurring practice as observed in other international organizations. It expressed its satisfaction with the draft program and budget document that appeared to be well balanced and accommodated the interests of the countries of the Group. It noted with satisfaction the spirit of cooperation shown by the Secretariat, and thanked the Secretariat for the assistance provided during the informal consultations. It was felt that Main Program 13 fully responded to the interests of the countries in the Group and would enable countries within the Group to strengthen their national intellectual property systems, enabling them to function more efficiently. However, the reduction in the budget for Main Program 13 was noted. Overall, it felt the document was good, and that it provided a good basis for cooperation with the Secretariat.

24. The Delegation of Bulgaria, speaking on behalf of the Central European and the Baltic States, expressed its satisfaction to the budget process as transparent, full of presentation and discussions that had fostered a better understanding of new programmatic and budgetary concepts. It expressed the Group's view that the budgetary increase of 13 per cent was fully justified by the character of WIPO's activities, the performance indicators related to the market and demand for the services it offered, and that the overall distribution of expenditures by Unions and by program was reasonable. It also welcomed the proposed fee reductions for the PCT and The Hague systems. It concurred with the new structure of the program and budget while expressing its belief that this should not presuppose any new administrative, supervising or reporting structure. The Delegation mentioned that it had circulated to the Committee and the Secretariat written proposals aimed at streamlining terminology, references and balance through the draft program and budget document. The Delegation, however, expressed its concerns on areas such as the level of detail of the presentation and references to some specific priorities, cooperation with the European Union and other important regional organizations that have been left out. It felt a need for more information concerning enforcement activities as well as the required flexibility in the implementation of the program. It underlined the importance of continuing the practice of supporting the participation of countries of the region in selected WIPO meetings.

25. The Delegation of Mexico thanked the Secretariat for the documents and for the high level of transparency during previous consultations. It noted the coherent manner in which WIPO's different areas of activity had been grouped. It expressed satisfaction with the intellectual property agenda as a whole in Part II and the independence of the cooperation for

development program, which matched that agenda in importance. It considered that an adequate level of PCT fees would benefit users, make the use of the PCT system more attractive and strengthen the Organization financially. It did not oppose the reduction of fees, but suggested that such reductions should not continue to be a criterion for the drafting of the Organization's budget. It said that the level of the budget was acceptable in the light of the zero nominal growth in the contributions of Member States. It supported the fact that the funding of the various programs should come from all of the Unions together. It welcomed the distribution of expenditure by program and the efforts to keep administrative, management and policy expenses low. It drew attention to Program 09 on Global Communications for its importance in heightening awareness of intellectual property. It voiced its agreement with the need to keep cooperation projects flexible. Finally it supported the IT projects inasmuch as they reflected the intergovernmental debate, particularly within the Standing Committee on Information Technology and at the PLT Diplomatic Conference. It asserted that the projects were interrelated and therefore called for joint implementation.

26. The Delegation of Egypt supported the statement made by the Delegation of Madagascar. It expressed its gratitude towards the Secretariat for its efforts in preparing this excellent document and congratulated the Secretariat in the improvement of the document's presentation. It recommended that the programs proposed in the draft program and budget be linked with and derive from the recommendations of the Standing Committees. It expressed its approval for the overall increase of 13.8 per cent proposed by the Secretariat, the 14 per cent in the cooperation for development programs, and the various increases allocated to Main Program 10. However, it was felt that Main Program 12 should be increased further in view of the importance of this program to developing countries. Finally, it highlighted the importance of increasing the budget for translation into Arabic.

27. The Delegation of Senegal said that assistance to developing countries and to the countries in transition was especially important for economic development in the new millennium as mentioned by the Director General in his report. In other words, intellectual property should be a tool for the economic development in developing countries. The Delegation of Senegal attached particular importance to Main Program 10, Global Intellectual Property Issues; Main Program 12, Cooperation with Development Countries; and Main Program 14, the WWA. Making intellectual property a proper tool for development means first of all the harmonious development of IP issues in developing countries. This should be helped, *inter alia*, by the following: the strengthening of national, regional and sub-regional capacities for the fuller use of an IP system; education and awareness-raising of the public on IP issues, and support to SMEs as the engines of development; and finally, greater dialogue towards solving the problems concerning genetic resources, traditional knowledge and folklore. A real effort has been made to extend the benefits of IP to everyone. The Delegation of Senegal was supportive of the budget which is aimed at supporting knowledge of IP issues and expanding the benefits thereof. It supported without reservation the statement by the Delegation of Madagascar on behalf of the African Group.

28. The Delegation of Jamaica welcomed the proposed draft program of activities for the 2002-2003 biennium and the budget earmarked to finance those activities. It thanked the Secretariat for the significant effort made in enhancing the transparency of the budget process in order to have a clearer idea of the activities envisaged for the next biennium and the resources allocated. It noted the 13.8 per cent increase in the budget over the previous biennium. Matters pertaining to development cooperation were of importance to the Delegation. It was pleased to see an 8.1 per cent increase in the budget was allocated to finance activities in this area. It acknowledged the four poles of activities in the overall



strategy for Cooperation for Development. The assistance for modernization of IP legislation, partnerships in the IP administration and automation, knowledge creation and the demystification of IP were steps in the right direction for development cooperation. Developing countries like Jamaica, while recognizing that IP can be utilized as a tool for sustaining development, still encounter serious challenges in maximizing its potential benefits. Jamaica believed that Development Cooperation with WIPO could assist developing countries in realizing these IP objectives. In this context, it recognized the work to be carried out in the area of collective management of copyright and related rights, including cooperation with relevant collective management organizations or federations of organizations at the national, regional and international levels to strengthen collective management systems in developing countries, particularly in light of the fast evolving digital environment. Looking closely at IP systems and global issues, Jamaica was pleased to see that adjustments have been made in the program of activities to take into account new mandates such as those relating to genetic resources, traditional knowledge, folklore, SMEs and intellectual property. However, it was concerned, as expressed by the coordinator of Group B, that the proposed budget for development of copyright and related rights had been, however, reduced. This was of primary concern to the Delegation and it was hoped that this could be addressed during the course of the Committee's deliberations.

29. The Delegation of Uganda fully subscribed to the statement made on behalf of the African Group by the Delegation of Madagascar. The Delegation of Uganda was satisfied with the transparency which marked the informal consultations these past few months on the 2002-2003 biennium program and budget. The Delegation thanked the Secretariat for the very user-friendly document under consideration which made life easier for those who are not experts. With globalization, IP issues have become prominent in the socio-economic development of countries, particularly LDCs. In order to have an effective IP system, there is a need for well-defined and focused programming. The Delegation of Uganda believed that the Director General's draft program and budget for the 2002-2003 biennium has endeavored to address this. It fully concurred with the Delegation of Madagascar, speaking on behalf of the Africa Group, and wished to reiterate its appreciation for the increase in the cooperation for development program and budget. As an LDC, Uganda took particular note of sub-program 12.2 which deals with, *inter alia*, the particular problems facing LDCs in the IP systems. It noted that the objective, as stated in the draft program, is "to assist LDCs in elaborating policy for effectively utilizing intellectual property for meeting their developmental needs." The operative words here are "their developmental needs." Over the years, since the inception of the LDC unit in WIPO, the Delegation of Uganda has constantly stated its satisfaction with the creation of that unit. Over the years, the unit had effectively demonstrated its usefulness and effectiveness on IP issues for LDCs. In fact, over the years the unit had organized quite a number of high profile meetings for LDCs and the Delegation wished to mention the meeting in Kampala in December 2000 whose theme was modernization of IP systems for LDCs, followed by the high-profile roundtable in Lisbon in February 2001, which brought together ministers from LDCs globally, prior to the UN meeting on LDCs scheduled to take place in Brussels this year. The Delegation outlined how important it was to effectively make LDCs participate in the IP system. The Delegation would have appreciated having a clear indication in the current biennium program of the actual budget allocation for LDCs programs. Finally, the Delegation believed that a comprehensive integration of LDCs in the IP system could only be carried out in tandem with the implementation of the IT projects. Thus, the Delegation urged the need to expedite the process of connectivity for LDCs in IPOs.

30. The Delegation of Turkey mentioned two points. Firstly, it gave its full support to the statement made by the Delegation of Switzerland on the issue of geographical indications. The Delegation noted that Member States had not yet reached a consensus on the issue of geographical indication. Recent meetings have shown that more time is needed for further discussion on this issue. At this stage, the Standing Committee on the Law of Trademarks, Industrial Designs and Geographical Indication is the appropriate forum to conduct discussions, it added. Therefore, the Delegation believed that it was too early for the Committee to engage and get involved in discussions on this issue. Until more clarification was brought to the issue, the Committee should not have a position on geographical indications. The Member States have deep interest on this issue and substantial discussions are taking place not only in the context of WIPO at the level of the Standing Committee but in other fora as well, namely, the TRIPS Council of WTO. The activities of the Committee should not prejudge the discussions in other fora. The Delegation had preferred a neutral text regarding the future work of the 11<sup>th</sup> Standing Committee on the issue of geographical indications. The second point concerned sub-program 09.2, Media and Public Affairs and the WIPO Offices in New York, Washington, D.C., and Brussels. At this stage, the Delegation had no preliminary objection to this issue but believed that further information was needed regarding the reasons behind this proposal. The Delegation wished to have some clarification on this issue before making any substantial comments.

31. The Delegation of Morocco endorsed the statement made by the Delegation of Madagascar whilst speaking on behalf of the Africa Group but wished to express Morocco's satisfaction with respect to its cooperation with WIPO and hoped that this would continue both at the level of logistics in IT and also in terms of training programs, more particularly the establishment in one of Morocco's universities of an IP course. The Delegation wished to highlight three particular issues, the first related to sub-program 10.1 on genetic resources, traditional knowledge and folklore. It welcomed this program but felt that the objectives laid down for the next four meetings were very limited. The Delegation would have liked to see much more ambitious objectives for these four sessions. The four sessions should arrive at tangible results and not simply a better understanding of the issues. Secondly, the Delegation was particularly interested in sub-program 05.2 and wished to endorse the proposal made by the Delegation of Switzerland, supported by the Delegation of Turkey, with respect to future activities in terms of geographical indications. The Delegation wished to focus on the difficulties encountered in order to reach a consensus on this issue during the last two sessions of the SCT. It believed that it would be a good idea to submit this to the Assemblies rather than spending additional time and money in this way. However, it supported the organization of an international seminar on geographical indications and having all organizations related to this issue participating in order to facilitate a greater understanding and consensus on this issue. Thirdly, on the question of sub-program 17.2 on Language Services, this seemed to the Delegation of Morocco as an urgent issue because having a working document in one's own national language is crucial for all delegations in preparation for a meeting. It felt that the number of translators was very low. There were only three Arabic translators and it was felt that this was much lower than what the workload required.

32. The Delegation of Slovakia thanked the Secretariat for the transparency of document WO/PBC/3/2. It supported the statement by the Delegation of Bulgaria, speaking on behalf of its regional group, during discussions with the members of the Secretariat, held on April 8, 2001. It stressed that countries of Central and Eastern Europe were living through very difficult economic and social areas, marked by unemployment. Over 20 per cent of the working population in Slovakia was at present unemployed, a vast amount, being the result of the phase out of the armament industry which was employing almost 15 per cent of the

overall working population. The Delegation of Slovakia now felt the need to have a somewhat passive policy with respect to unemployment because it has to focus on the payment of unemployment benefits. There is a need for direct foreign investment, positive examples being Volkswagen, Peugeot and Siemens who had all invested in Slovakia. Slovakia also needed an increased development of SMEs because these generate considerable employment. It would like to accelerate the setting up of SMEs under the umbrella of WIPO. There was also the question of the allocation of WIPO budgetary resources and their use perhaps in terms of assistance not only to developing countries but also to countries in transition.

33. The Delegation of the United States expressed support for the Group B statement made by the Delegation of France and wished to offer a few supplemental comments on behalf of its own Government. First of all, the Delegation congratulated WIPO on the improvements that were made on the overall structure and presentation of the draft program and budget, including the greater indication of performance measures and implementation of the policy on surpluses and reserve levels, and also the consolidation of the budget presentation. The Delegation recognized that WIPO is an important organization in the global economy and that its services are market-driven and vital to international commerce. Likewise, the Delegation understood that the demands for all of WIPO's services would significantly increase in the next biennium. Nevertheless, the Delegation of the United States noted with concern the large increase in the overall 2000-2001 budget over the level originally proposed. The necessity of this 9.9 per cent adjustment illustrated the difficulties WIPO had with projecting fee revenue. It called on WIPO to provide more information on how it was adjusting its revenue estimates to provide more realistic forecasts. It would look for this at the next meeting of the Committee. The Delegation of the United States applauded WIPO for the greater integration of performance measures and the consolidated presentation which included regular budget activities along with activities funded through surplus resources and trust funds. It believed that linking the expected results with the appropriate budget levels was the correct way to formulate the budget, and looked forward to reviewing WIPO's progress in the upcoming performance report during September. Additionally, the Delegation was pleased that WIPO was implementing a rational policy on surpluses and reserves which specified targets for reserves Union by Union. With regard to the surplus funds in general, the Delegation continued to advocate the reduction of fees as the best way to reduce budget surpluses. In that connection, it was pleased to see the proposed reduction in The Hague and PCT fees and plans for further fee reductions in the future. Ideally, the Delegation would prefer WIPO's fees to be set according to actual costs for the services. It would appreciate further analysis on the actual costs for processing PCT, Madrid and The Hague applications and on performing arbitrations. It asked if the Secretariat could provide details of how the fees would be reduced in the future. While pleased that the budget level for the contribution-financed Unions would remain at the zero nominal growth level in the proposed budget, the Delegation was concerned about the overall increase in the proposed budget. Its budget policy for international organizations in general continues to call for zero nominal growth and, therefore, could not support the overall level proposed for the regular budget of the Organization. The Delegation continued to advocate budget discipline and achievement of the Organization's objectives in the context of increasing efficiency and cost savings and continued to believe that WIPO fee revenues should be adjusted to reflect this approach. With regard to IT projects and the construction of premises funded by surplus resources, the Delegation called upon the Secretariat to provide additional information on these activities, including a timeline for completion and more details on the expected results. Regarding the regional offices in New York, Washington, D.C., and Brussels, the Delegation of the United States believed the activities of these offices should be evaluated and appropriately funded

according to the benefits in relation to the costs of these offices. It was completely neutral as to how these analyses should come out. Regarding the establishment of program and budget levels for geographical indications, it supported the proposition that this matter should first be elucidated by the body responsible for the substance of the issue and then referred to the Program and Budget Committee for consideration of resource issues.

34. The Delegation of the Russian Federation supported the general statement made on behalf of certain countries of Central Asia, Caucasus and Eastern Europe, and wished to touch on a few features. It thanked the Secretariat, and on the whole approved the work done by it in preparing the program. The Delegation supported the new structure of the program and believed that this gave a clearer and more transparent view of WIPO's activities. It referred to Main Program 10, Global Intellectual Properties Issues, which incorporated a new direction in WIPO's work. Particular note and support was made of the inclusion under Main Program 10 of sub-program 10.4, Intellectual Property Enforcement Issues and Strategies. The Delegation considered that this was a very appropriate sub-program and looked forward to its development. It also welcomed Main Program 09, Global Communications, and believed that spreading information about WIPO and its activities would help popularize knowledge of IP. It expressed satisfaction with the fact that in the biennial program, especially in Main Program 13, Cooperation with Certain Countries in Europe and Asia, some of the comments made by the Russian Federation had been incorporated. Concern was expressed about the fact that the financing of Program 13 had been reduced. The Delegation hoped that the Secretariat of WIPO would make every effort to develop IP systems in the region as a whole, bearing in mind the interests of the countries. They were prepared to work under most of the programs for the next two years under the full treaties they had signed, especially Main Programs 13 (Cooperation with Certain Countries in Europe and Asia), 14 (WIPO Worldwide Academy), 08 (Development of Copyright and Related Rights), 15 (Information Technology) and 10 (Global Intellectual Property Issues). The Delegation was interested in the expansion of the documents of WIPO and teaching programs in Russian which would be in the interest of most of the countries covered by Main Program 13 and also a number of other countries which would help to develop the IP systems in the region. This could be done both under Main Programs 13 and 14, and also under sub-program 17.2. Finally, it expressed its general support for WIPO's proposed program and budget.

35. The Delegation of the United Kingdom associated itself with the statement made by the Delegation of France on behalf of Group B. It welcomed the opportunity for an initial exchange of views as it had a number of comments on both general and detailed issues which required close study. This could also be possible at a next session of this Committee in September. The Delegation noted that there appeared to be some confusion to the actual budget increase being proposed by the Secretariat. The flexibility formula had produced an increase of about 10 per cent from 409 to 450 million Swiss francs. In addition, the Secretariat seemed to propose a further increase of 14 per cent, taking the budget to 513 million Swiss francs, amounting to a regular budget increase of some 24 per cent. The Committee was also presented with a further 80 million Swiss francs in IT projects to be financed from surplus resources, leading in all to a very substantial increase in expenditure. In order to address the concerns that such proposals created, the Delegation suggested having a single budget document covering all items at a total proposed expenditure of 673 million Swiss francs. Projects funded by surplus resources should be treated in the same way as other activities under the regular budget. Clear objectives, improved performance indicators and expected results were necessary for all activities and expenditures of the Organization. It believed that it was the only way by which it could assess the efficiency and effectiveness in the use of WIPO's resources and in attaining the desired results. It seemed that, at the

moment, this evaluation could be possible for activities under the regular budget and for the proposed IT projects of 82.9 million Swiss francs; however, it left a large sum of expenditure outside this process of evaluation. The Delegation felt that this would result in an important gap in the information that Member States would require in order to be able to fulfill their oversight role. The Delegation was of the opinion that an integrated budget was essential to close that gap, as it had been the case in other United Nation organizations. The Delegation was not of the opinion that a budget that included one-time capital expenditures would reduce transparency, nor would it artificially inflate the budget level, provided these projects were clearly marked as such. The Delegation considered appropriate the decision made by the Standing Committee on Information Technologies (SCIT) to ask its new working groups to review the projects for which they are responsible. This practice could also be considered by other committees.

36. The Delegation of France expressed its support for the statements made by Group B and thanked the Director General and his team, for the excellent job involved in preparing the Committee meeting. Notwithstanding the above, it expressed some regrets, in particular because the Secretariat did not have sufficient time to take into account the comments made by the French Delegation some weeks ago: it seemed more appropriate that item 6 of the agenda (Accounts of the 1998-1999 Biennium) be taken up and discussed before items 4 and 5 were considered. It also regretted that documents were distributed in certain languages, including French, only very late in the consultation process. Should these documents have been sent out to delegations at the same time as the documents published in English, it would have been received six weeks before the Committee meeting. In order to avoid that certain delegations are penalized by this delay, the rules and procedures that apply within the United Nation's system should be followed and the necessary number of translators should be employed. The Delegation also required some additional information. It suggested that IT and the premises projects be brought back into the regular budget so as to make it more readable, particularly as implementation of these projects covers several biennia involving considerable sums of money which cannot be set aside from the overall view of the budget. This nevertheless would not mean that, in the view of the Delegation, WIPO's budget should always be maintained at the level of the consolidated budget for 2002-2003. It said that it was satisfied if the budget remained consolidated. It would also welcome additional explanations about the reason for the decline in the number of programs which benefits other activities over industrial property activities. The Delegation said that WIPO should not become a simple registering house, but it should continue to maintain its role of standardization as other organizations within the United Nations System. It inquired about the proposed opening of new offices in Washington, D.C., New York and Brussels, including their goals, their roles and their financial impact. It requested clarification of the accounts for 1998-1999, in particular, concerning the fact that expenditures on missions had been doubled with respect to the budget. The Delegation said it would prefer an active continuation of the work carried out in the Standing Committee on Patents, with a view to a prompt adoption of the Treaty on Harmonization of Substantive Patent Law. Regarding the program on electronic commerce, the Delegation was of the view that the program should be designed in such a way that it could be adapted as new problems arise, yet without limiting the participation of Member States in the process. Concerning the International Patent Classification, the Delegation would like that the English and the French versions of the classification be of equal quality, because the Strasbourg Agreement considered both as the official versions. It inquired from the Secretariat as to whether there were sufficient resources allocated to language services in the budget. The Delegation would also like additional information on the projects under sub-program 10.1, on the link between IP and competition law, and on the possible implementation of a patent registry. As for the need for continuing

work on geographical indications, it noted, referring to the statement by the Delegation of Switzerland, that there had been as yet no consensus on the way that such work must be pursued. In this respect, it supported the proposal made by the Delegation of Switzerland. The Delegation of France noted in the draft budget for 2002 and 2003 that Table 7 gave all the posts by grades. It seemed that unlike previous years, the number of posts of Directors being proposed, that is 46, did not specify whether it included the post of Director General, of Deputy Directors General and Assistant Directors General. It also noted that the number of posts proposed under the regular budget was 998. The Delegation considered that it would be more accurate if the 34 posts financed by surplus resources were integrated, yielding a total of 1,032 budgeted posts. The Delegation thanked the Secretariat for the distribution of the interim financial report as of December 31, 2000. Concerning that report, the Delegation inquired as to whether the 129 million Swiss francs that had been spent on staff by December 31 last year covered the expenditure for short-term contracts. It also noted that expenditure for experts and consultants as of December 31, 2000, was 5.8 million Swiss francs, which compared to a revised 2000-2001 budget of 16.5 million. Concerning the use of the surpluses, it noted that the Secretariat had made forecasts up to the year 2005. In this respect, it inquired why the same logical approach in forecasting activities for the PCT, the Madrid and the Hague with a corresponding allocation of resources, was not followed.

37. The Delegation of Uruguay, speaking on behalf of the Group of Latin American and Caribbean countries (GRULAC), thanked the Secretariat for the documents provided, which seemed well-prepared and well-organized, as well as for the information and classifications provided during the informal consultations. It is also noted the flexibility used in the distribution of certain budget sections. It considered that flexibility could be maintained insofar as it was not detrimental to a transparent allocation of resources. At the second session of the Permanent Committee on Cooperation for Development Related to Intellectual Property (PCIPD), the GRULAC expressed its hope that WIPO would continue to increase the budgetary allocations for technical cooperation activities, either within the framework of nationally-focused action plans (NFAPs) or in programs to promote sub-regional and regional cooperation. In this sense, it viewed very positively the increase of 13.8 per cent of the amounts proposed for development cooperation. During the meeting of the PCIPD and on other previous occasions it had pointed out the need to facilitate the participation of a greater number of representatives from developing countries to the various meetings of WIPO, hoping that such resources would be made available. It noted with appreciation the emphasis that had been placed on support for SMEs, so that activities in this program will be extended in order to further develop this very important sector. It also appreciated the proposed increase in staff for cooperation for development which signaled the importance of these activities within the work of the Secretariat. One of them would be the updating of national legislation on IP, followed by an institutional strengthening which would enable the enforcement of rights. The Delegation was of the view that other activities which have become increasingly important in WIPO, such as genetic resources, traditional knowledge and folklore and electronic commerce, had proven to be extremely relevant both for developing and developed countries, and their inclusion in the program and budget document was therefore fully justified. The Delegation noted the great significance that the promotion of the use of intellectual property systems had for the creative and innovative sectors, and hence the prominence given to heightening awareness and understanding of its benefits. In its opinion the International Bureau should provide in its program and budget for the specific needs of the least developed countries. It also noted the importance of having sufficient resources to improving the translation facilities so that the Organization could distribute all documents in all the official languages well ahead of the meetings. In conclusion, the Delegation expressed

its wish that the draft program and budget might provide substantively for the above issues, thereby reflecting a spirit of solidarity with the least-favored regions of the world.

38. The Delegation of Chile endorsed the intervention of the Delegation of Uruguay speaking on behalf of GRULAC. It also thanked the Secretariat for the work carried out, not only in the drafting of the program and budget and other related documents, but also for its readiness to meet with different regional groups during the course of this overall process, which showed a large degree of transparency in the budget process. It endorsed the comments made by other delegations and particularly Group B, concerning the need for a consolidated budget incorporation all activities, all income, all expenditure and all investments of the Organization. It did not favor having certain activities, however important, funded from surplus resources, as it felt it was important to know exactly what these different resources were intended to cover. With regard to the comment made by the Delegation of Switzerland, on the issue of geographical indications, it was of the opinion that the Committee should not adopt decisions that might affect or pre-judge substantive discussions to be carried out within the different bodies of WIPO on this subject. It felt that, if the intention was to postpone discussion of the budgetary allocations for the Standing Committee on the Law of Trademarks in connection with geographical indications, that decision would necessarily affect the entire subject of geographical indications, even where it appeared in other parts of the draft budget.

39. The Delegation of Cuba expressed its gratitude to the Secretariat for the document they had received and for holding informal consultations with different members of the Organization in order to provide information and to answer the questions and comments that they might have to address. They also acknowledged the work carried out by the Chairman of this Committee. The Delegation of Cuba felt that the contents of this document were very useful and important and that it was an excellent instrument for discussions. The Delegation of Cuba supported the Asian Group, the Africa Group and, of course, the GRULAC on these issues and also pointed out other areas of concern related to IT, distance-learning and contractual services, more particularly related to publications. The Delegation, referring to IT in Table 5 on page 16 of the English text, pointed out that the majority of developing countries did not have the necessary equipment to take full advantage afforded by this policy which should be taken into account in terms of modernization, since the state of modern technology in the vast majority of developing countries would be inadequate at present. The Delegation also points out that the proposal to strengthen the work of the WWA, particularly with respect to distance-learning, might have the same sort of curbing effect in the developing countries without sufficiently advanced technology control on this information. It expressed its concerns regarding the decrease in the figure allocated to publications in Table 6 of page 18 of the English text. It felt that publications continued to play a very important role in the diversification of culture and IP and that it was also a vital medium in going further into the different disciplines related to this field. According to the delegation, the figure for this particular item on publications should have been at least maintained. The Delegation expressed its support of the statement from the Delegation of Switzerland on sub-program 05.2, particularly on geographical indications, and the proposals made with respect to the timely distribution of translated WIPO documents.

40. The Delegation of Colombia expressed its full agreement with the statement made on behalf of the GRULAC and therefore supported the new structure of the program and budget. The Delegation expressed its positive attitude towards the development of cooperation activities, particularly with reference to SMEs.

41. The Delegation of Argentina supported the statement by the Delegation of Uruguay on behalf of GRULAC. The Delegation expressed concern in the face of proposals for sub-program 05.2 that arguably deprived an entire category of industrial property rights of its program content. It found it disquieting that one should wish to make the budget programming of activities relating to geographical indications subject to discussions in subsidiary bodies when Main Program 05 itself made provision, both within the framework of the Standing Committee on the Law of Patents and even in the Standing Committee on the Law of Trademarks, Industrial Designs and Geographical Indications, for activities that were entirely new, and regarding which there had never been any prior discussion in the Committees as to whether or not they would be conducted in the coming biennium. The Delegation reserved its position regarding whatever decision was eventually adopted. Nevertheless, should the decision be taken to delay dealing with the subject of geographical indications under sub-program 05.2, it asked for the same treatment to be applied to the proposals contained in Main Program 0.7 under "Lisbon System" (sub-programs 07.1 and 07.2). With regard to the latter it considered that the activities proposed under the sub-programs, which were connected with Article 23.4 of the TRIPS Agreement, went beyond the competence and powers of both the States party to the Lisbon Agreement and indeed the Secretariat itself. The proposals involved all Member States of WIPO and also Members of the WTO. Apart from that, the activities went beyond the terms of the 1995 WIPO-WTO Agreement. Should the decision be taken to delay the debate on specific aspects of sub-program 05.2, the Delegation requested that Program 05 as a whole be made subject to the same conditions of final approval, given that any amendment of the sub-programs included in it or of the activities thereunder would have an effect on the budget estimates and on the programming of the whole of Program 05, which in turn would unbalance the original proposal.

42. The Delegation of the Republic of Nicaragua expressed its support to the Delegation of Uruguay speaking on behalf of the GRULAC and in particular wished to stress the need for continued resources to be allocated to technical cooperation. The Delegation of the Republic of Nicaragua stated that their region was in the throes of implementing and enacting legislation on trademarks and patents, among others, and that despite their goodwill they felt that they did not have the necessary resources to enforce the implementation of those laws.

43. The Delegation of the United States requested the Secretariat to provide additional information with regard to the construction of premises funded through surplus resources namely a time line for completion of the activities and the summary of the expected results at the next meeting in September. The Delegation also strongly requested that with respect to the assistance concerning enforcement of industrial property rights and copyrights and the holding of adequate meetings of the advisory committees on these matters, these joint meetings of the advisory committees should not necessarily result in a reduction of the combined total resources allocated.

44. The Delegation of Ecuador expressed its support for all the points expressed by the Delegation of Uruguay on behalf of the GRULAC. In this context, the Delegation of Ecuador strengthened the statement on the importance that should be attached to the strengthening of the issues concerning genetic resources, traditional knowledge and folklore. It also encouraged that support should be given for the participation by developing country delegates in the various WIPO meetings, and expressed its wish to strengthen the systems for improving and strengthening IP in developing countries through their specialized entities and offices so as to respect the spirit of solidarity mentioned in the GRULAC statement.



45. The Delegation of Nigeria supported the proposal concerning the IT projects financed with surplus resources, underlining that the importance of providing IT infrastructure, particularly in the context of Internet-based communications, could not be over-emphasized. According to the Delegation, it was therefore important to note that without adequate funding on IT infrastructure, the WWA's distance learning could not function effectively since it was conducted through the use of Internet as a medium of learning. Finally, the Delegation of Nigeria expressed its hopes that the transparent manner of preparation of the program and budget would be maintained, and fully endorsed the statement of the Delegation of Madagascar on behalf of the African Group.

46. The Delegation of China expressed its support of the draft program and budget for 2002-2003 proposed by the Director General. It expressed its gratefulness for last year's very good cooperation with WIPO as regards the protection of IP, and supported WIPO's provision to increase assistance to the developing countries, as shown in the budget for the next biennium. The Delegation expressed its wish to continue its cooperation with WIPO and hoped that this would be taken into account when revising the program budget for the upcoming biennium.

47. The Delegation of Paraguay urged the Secretariat to make more resources available for the translation of the documents to permit their timely reception by the capitals. The Delegation of Paraguay expressed its satisfaction at the substantial increase in transparency in the consultations carried out on the draft program and budget, and at the establishment of consultations by the Director General. It wished to express its concern at the reduction in PCT fees, which should not continue to be a criterion on which to base the drafting of the budget. Another aspect highlighted by the Delegation was that through WIPO's program on genetic resources, traditional knowledge and folklore, it had been proven that those issues were of great importance to all Members States. It underlined that the activities regarding the promotional help to SMEs should be increased. The Delegation of Paraguay stated that it was in favor of the adoption of the draft program and budget and its endorsement during the meetings of the Assemblies as proposed in paragraph 18 of the document. It expressed its satisfaction with the way in which the process was carried out and the results outlined in document WO/PBC/3/2.

48. The Delegation of Spain expressed its supports of all aspects of the statement made by the Delegation of France on behalf of Group B. It regretted that some delegations suffered delay in the reception of translated documents, therefore permitting only very little time to study. Therefore, they insisted that the Secretariat should have the necessary resources and staff to translate the documents in due time. With regards to the actual program budget, it was satisfied with the improvements in the new format of the program and budget, both as regards the main outlines or sections and its structure and presentation. In principle, the Delegation concurred with the proposals by certain delegations to consolidate the budget by combining the regular and the surplus resources. The results-oriented budget as presented by WIPO, according to the Delegation, was a good proposal and a modern and efficient way of reflecting what is to be achieved, and therefore supported it. It also approved the overall increase in the budget, in particular the improvement of IT infrastructure, which it felt to be very necessary to successfully cope with the huge task that WIPO would be facing in the near future. The Delegation also supported the allocation of resources to cooperation with developing countries and certain countries in Europe and Asia. The Delegation also supported the concerns about geographical indications, as expressed by the Delegations of Switzerland, France, Turkey, the United States, Morocco and Chile.

49. The Delegation of the Republic of Korea, while supporting as a whole the draft program and budget for the next biennium, wished to put emphasis on the transparent and accountable implementation of the various projects indicated in the draft program and budget. In order to secure greater accountability, it proposed that a substantial evaluation system should be employed in which not only quantitative evaluation but also qualitative monitoring would be made. The Delegation expressed its support to the IT projects to be financed by surplus resources with respect to developing systems. It emphasized the importance of inter-operability between already developed systems and newly developing ones. Taking this opportunity, the Delegation mentioned the Korean E-filing system, through which approximately 90 per cent of patent applications were filed since its launch in January 1999. The Delegation wished to underline that they had been reported very recently as being by far the leading country among OECD member states in terms of the rate of broadband Internet connections which enable high-speed Web services in the total population. It also proposed that WIPO utilize Internet and e-mailing systems for sending its documents to those Member States ready to welcome such systems, thereby saving costs. The Delegation proposed to further reduce PCT application fees, in particular for developing countries, in order to ease the filing of their applications. It was considered necessary to facilitate the filing of PCT applications by developing countries rather than being satisfied with the increase of the PCT Member States only. Lastly on the issue of human resources, the delegation emphasized that the geographical representation criteria should be put in practice.

50. The Chairman provided clarifications in response to a comment made by the Delegation of France on agenda item 6 on the accounts for the biennium 1998-1999. It was recalled that the Delegation had suggested taking up item 6 prior to the proposed program and budget 2002-2003. The Chairman explained that the Secretariat had requested taking up item 6 in the presence of the External Auditors, who were not available during the first day of the meeting. As a result, the item on the accounts 1998-1999 was moved to the second day of the meeting at the time when the External Auditors could be present. Assurance was provided that efforts would be made to ensure a more logical order of the agenda items in the future.

51. In response to a question on the plans for future PCT fee reductions, the Secretariat referred to in paragraph 326 of document WO/PBC/3/2, where it was noted that fee income beyond 2003 was expected to be maintained at the level similar to that of 2002-2003, with increases in applications being approximately offset by fee reductions. Possibilities for future fee reductions would depend on the budgetary and financial situation prevailing at that time. Should further reduction be possible, it was the current intention of the Secretariat to continue with a decrease in the ceiling of the designation fee. This would also match the efficiency gains expected from the implementation of the IMPACT Project in respect to the communication costs between the Secretariat and designated offices.

52. In response to the question on the French version of the International Patent Classification (IPC), the Secretariat noted that the reform of the IPC under discussion included two separate levels, the advanced level and the core level. As regards the advanced level, the CLAIMS Project included resources for computer-assisted translation. As regards the core level of the IPC, it would be fairly stable with only a few amendments. It was also foreseen that the French version of the core level of the IPC would continue to be done with the help of a French-speaking office with no budgetary implications for WIPO. In conclusion, and since amendments to the advanced level of the IPC would not be adopted before 2005, no problem was expected for the biennium 2002-2003.

53. With regard to the implementation of the budget 1998-1999 as reflected in the financial management report, an explanation was provided by the Secretariat on the variances by main programs between approved budget and actual expenditure. Technical and substantive reasons were identified for such variations. The budget 1998-1999 had been presented for the first time according to a program budget format, therefore little experience existed in estimating appropriate budget allocation. Improvements to the financial system, providing better information by activities, are being proposed in order to provide the required budgetary information. Experience gained in 1998-1999 is seen to ensure better estimates for the 2000-2001 biennium and even more for the proposed budget 2002-2003. With regard to substantive justifications, it was noted that the Director General has the authority and responsibility to respond to emerging needs and changing priorities which implied reallocation of resources between main program budgets. With regard to higher than budgeted expenditure for Program 6 (Cooperation with Developing Countries) and Program 8 (Human Resources Development and WIPO Worldwide Academy), it was noted that 1998-1999 were the years of the TRIPS implementation. This also included the implementation of the joint WIPO-WTO initiative which covered a large number of services that were not initially anticipated ranging from working with judges and parliamentarians, assisting in the drafting of laws, demystification, and creating the enabling environment for legislation to be adopted.

54. With regard to a question on the level of resources for cooperation for development proposed for the biennium 2002-2003, it was noted that the resources were adequate. Specifically, it was noted that the growth rate for Main Program 12 (Cooperation with Developing Countries) was at the same level as for the organization as a whole. For Main Program 14(WWA), the growth rate was somewhat higher. The WWA had been able to implement very good long distance training programs at a cost of US\$40 per person with the program reaching a large number of people with a lot of good results. In addition, the proposed budget included other activities for the benefit of developing countries such as the WIPONET Project, including equipment and training for developing countries, and travel resources in various programs to fund the participation of developing countries in the various committees. Thus, the Secretariat expressed confidence that through these arrangements it should be possible to exploit synergies and continue to do more with less.

55. With regard to sub-program 10.4 (Intellectual Property Enforcement Issues and Strategies), it was noted that this was a new initiative from WIPO under the biennium 2000-2001 and that a first meeting had been held in October 2000. The Secretariat would seek more advice and inputs from Member States on the question of IP enforcement during the 2002-2003 biennium and thus resources were allocated to organize a few meetings. Details of such meetings were not, however, included in the proposed program and budget for 2002-2003 for the purpose of ensuring maximum flexibility as to the nature, format and timing of this program in order to have it implemented in the most efficient way in coordination with many other enforcement-related programs.

56. On the proposed level of activities in 2002-2003 for Main Program 08 (Development of copyright and related rights), the Secretariat assured the Committee that those activities were considered of paramount importance. The Secretariat noted with pleasure that Member States had been fully satisfied with the programs to be carried out and the Secretariat was committed to do more with less in order to meet the expectations of the Member States within the resources available.

57. With regard to the provision of translation services, it was noted that with an increased workload and limited resources, ways and means must be found to satisfy the concerns of delegations to get the documents in the appropriate languages in sufficient time. Measures considered included the preparation of the original documents considerably earlier within the Secretariat so that more time would be available for the translations to be undertaken. Another measure was the outsourcing of some of the translation work and reference was made to the increase in the outsourcing budget contained in sub-program 17.2 (Language Services). Other areas of concern included prioritizing documents for translation, and reducing the length of documents and of the meeting reports.

58. In reply to a question raised by the Delegation of France regarding the separation of reserve funds, it was explained that this provision (because it is more a provision than a reserve fund) stood at 13,588,000 francs (rounded figure) on December 31, 1997. That amount had been increased every quarter during the biennium by 6 per cent of the "*coût bureau*" of the staff, amounting to 7,820,000 francs for the biennium. The provision was used to finance the amounts payable on staff separation from service, namely commutation of accrued annual leave, repatriation grants, travel and removal expenses of staff returning to their home countries, termination indemnities, grants on death and similar benefits. The total amount of such payments was 8,703,000 francs for the 1998-1999 biennium, adding the amount of 7,820,000 francs to the original figure of 13,588,000 francs and subtracting the amount of 8,703,000 francs give 12,705,000 francs as of the end of 1999, which is the figure appearing in the 1998-1999 Financial Management Report.

59. With regard to preparation of income estimates, it was noted that the proposed program and budget included for the first time a detailed presentation of income estimates in Part D of the document WO/PBC/3/2. The new approach put income estimates on a more solid footing and addressed the shortcomings of the past, while noting that forecasting appeared to be an art as much as a science. In addition, experience on income forecasting was exchanged with national patent offices to further improve the reliability of income estimates. It was noted that improvements of the methodology had resulted in a substantial increase in income estimated for the biennium 2000-2001. In addition, the income estimates for 2000-2001 included, for the first time, interest income previously credited to the special reserve fund which accounts for a substantial share of the surplus for the 2000-2001 biennium. On the basis of the upgraded level of income estimates for 2000-2001, estimates for the 2002-2003 biennium were established. With regard to PCT, for example, an increase in application of 20 per cent was anticipated for the coming biennium. This could be considered a conservative estimate. It was noted that national patent and trademark offices appeared to follow a similar approach. Despite the underlying assumption of a 20 per cent increase in PCT applications for the coming biennium, it was anticipated that income would stagnate since the level of fees had been and continued to be reduced substantially. Even for the 2000-2001 biennium and despite continuous increases in applications, income for 2001 was anticipated to be only in the range of the income for 2000 due to the fee reduction applicable for the first time in 2001 as outlined in Part D of the document. Revisions of income estimates would essentially imply a revision of anticipated level of workload. Should such a revision result in higher estimates, this would not only imply a higher level of income, but also an increase in budget estimates to discharge the additional work. In other words, it should be understood that introducing a more optimistic approach in income estimation would also have budgetary implications in order to maintain the logic of the budget preparation.

60. On the issue of budget integration, it was noted that during the last budget exercise, there was no budget document that contained information on the regular budget and surplus

projects. Indeed, integration had been one of the main concerns when developing the new budget format and considerable improvements had been introduced. Part B of the document, in particular Table 3, indicates jointly and in an integrated manner the regular budget and the project budgets. Table 10 reflects budget allocations for the regular budget and project budgets by individual programs, in particular for Main Program 15 (Information Technology), and Main Program 18 (Premises). Appendix 2 indicates regular budget expenditure together with project expenditure even on an annual basis up to the year 2005 with overall estimates being substantiated by detailed estimates for each Union. Performance indicators and more detailed descriptions on the IT projects are included in document WO/PBC/3/2. It was assumed that Member States were satisfied with the joint presentation of regular budget and project activities. When calling for integration of budgets, Member States appeared to address something different, namely the classification of recurrent and non-recurrent activities. The regular budget had been classified as recurrent, whereas projects were considered one-time, non-recurrent activities. It was believed that this constituted a useful separation since WIPO went through an exceptional period of time with major one-time investments being implemented during the current and forthcoming biennium. It was therefore understood that a call for further integration constituted a call for the distinction between recurrent and non-recurrent budget to be abolished. Rather, only one budget estimate should be presented, without providing any indication on the need to continue such budget provisions in the coming years. This would imply integrating the approved and proposed IT as well as building projects into the regular budget. In terms of budgetary estimates, this would imply that the budget base for the forthcoming biennium, namely the revised budget 2000-2001, would increase from 450.4 to 565.9 million Swiss francs and that the proposed budget for the biennium 2002-2003 would increase from 512.6 to 678.3 million Swiss francs.

61. With regard to WIPO offices in New York, Washington, D.C. and Brussels, it was noted that the New York office had already been included in the budget for the biennium 2000-2001 under sub-program 02.2 - External relations and cooperation with the United Nations Headquarters. The function of the office covered liaison with the United Nations headquarters, a number of diplomatic missions located in New York and a number of major non-governmental organizations, NGOs, active in the field of IP. Based on the experience with the New York office, a small office was extended to Washington, D.C., to liaise with a number of intergovernmental organizations, diplomatic missions and active NGOs in order to demystify the role of IP and to strengthen WIPO's outreach to the diplomatic community and the general public.

62. Concerning the two additional WIPO offices proposed in paragraph 147, the Secretariat informed the Committee that WIPO successfully enhanced its presence in New York by establishing its office as an activity under sub-program 2.2 in the Program and Budget for the 2000-2001 biennium, and now proposed to expand WIPO's outreach to governmental, intergovernmental and business circles, including NGOs, through two new offices in Washington, D. C. and Brussels where a number of relevant organizations and industry representations are located. The Secretariat stated that the size of the two new offices would be smaller compared with the operating cost of 410,000 Swiss francs (utility and communications) allocated in the present biennium for the New York Office and its five staff members.

63. With respect to a proposed activity on a meeting of experts on the relationship between IP and competition law and policy (sub-program 10.1), the Secretariat clarified that the activity was carried over from sub-program 11.4 of the Program and Budget for the present

biennium which had intended to study the relevance of IP to socio-economic issues and was carried over to the next biennium.

64. In response to the request from some delegations for additional information on the premises, the Secretariat gave a status report of the building projects as follows:

65. "Since September 2000 when the General Assembly approved a revised plan and budget for the renovation, modernization and extension of the ex-World Meteorological Organization (ex-WMO) building, the work of Phase 1, namely the preparatory work for the main renovation of Phase 2, has been undertaken without disruption. In November 2000, WIPO concluded a contract reflecting the revised plan with a consortium of three companies based in Geneva ("BPS"), which was engaged as the general contractor in August 2000. As of April 2001, the work has gone into Phase 2 covering the main renovation, construction and extension work, including the structural work, the installation work, the internal and external surface treatment and other related works to finish the renovation, extension and expansion."

66. "The ex-WMO building consisted of a main building and a tower building. The first part of the main building was built in 1960 according to the old technical standards to support up to 200 kilograms per square meters on each floor. As the renovated building would include two additional floors and all floors should be strong enough to support 500 kilograms per square meters for PCT Operation facilities, the first part of the main building was demolished rather than reinforcing the old and weak framework. This partial demolition did not result in a cost increase but rather it enhanced the strength of the building and speeded up the work. On the other hand, the second part of the main building and the tower building which were built in 1970, according to a relatively new technical standard, proved to be strong enough to meet the criteria of 300 kilograms per square meters. It was decided to retain the fundamental structure of the second part of the main building and the tower building. Project specifications enumerated in the revised plan remain unchanged and the Secretariat ensures that the project will continue to be implemented at the most appropriate cost-effective and technically robust level."

67. "According to the latest analysis, the cost of energy and electricity would be further saved and the functionality would be enhanced if certain components were added to the project specifications, such as the replacement of manual blinds with motorized blinds and the replacement of fixed wall partitions with movable ones to cater for frequent modifications of office configuration. The approved budget for the renovation and extension of the ex-WMO building, funded from surplus resources, amounts to 59 million Swiss francs. It is currently anticipated that no request for increasing this budget will be made. The cost of any supplementary or unforeseen activities related to the work on the ex-WMO building will be covered under the regular budget for premises. The regular budget includes provisions for the renovation and upgrading of building facilities. Work continues as planned and it is anticipated that the building will be fully occupied by early 2003."

68. "As regards the new building project, in April 2001, together with the Behnisch, Behnisch & Partner, the winning architect of the international architectural competition, the Secretariat selected several engineering companies through tender. They will assist the Secretariat and the architect in preparing project specifications in the area of electricity, water, ventilation and civil engineering to seek the authorization of the Geneva authority. In parallel with the preparation of the project specifications, the Secretariat will start tendering procedures to select a general contractor in the autumn. The Secretariat will then work with the general contractor to establish an accurate estimate of the budget, taking account of all the

technical factors to realize the winning design, and will submit the estimate to Member States before the end of 2001. It is expected that after receiving the building permit from the authority, the general contractor will start working on the project in the first half of 2002.”

69. “To reinforce the management of the building projects, the Director General assigned the responsibility of the overall management to a senior management staff member and also set up a new internal committee called Building Project Oversight Committee, chaired by another senior management staff member and composed of Directors of relevant Divisions and the Controller. The Building POC is to oversee the progress of the two building projects and to provide advice and recommendations to the Director General.”

70. The Secretariat confirmed that it would continue to give Member States a status report of the two building projects in the future.

71. On the question concerning the number of posts of the Director category and above, the Secretariat referred to the total number of 46 posts in the special categories reflected in Table 7 of the proposed program and budget document. The same number of posts was reflected in the revised Table to the program and budget for 2000-2001 (document WO/PBC/1/2 Rev of April 19, 1999). This figure included three posts of Deputy Director General, three posts of Assistant Director General, one Director General and 39 Directors. On the question of the projected number posts, if they were consolidated into the regular budget, the total number would be 1032, being the sum of 998 posts proposed in the regular budget and 34 posts proposed for the IT projects. Out of 34 posts proposed for the IT projects, 20 had already been approved. In respect to staff cost for 2000, the total expenditures were 129,465,000 Swiss francs as of December 31, 2000. This figure included the salaries and benefits of regular staff and costs of short-term employees. Out of total staff expenditures, costs of short-term employees amounted to 20,914,000 Swiss francs.

72. The Delegation of France requested clarification on the term “satisfactory” quality as used by the Secretariat. Following the delegation’s statement this morning, the Delegation is of the opinion that the two official and authentic versions of the classification should be in English and French according to the Strasbourg Agreement. The term “satisfactory” quality implied, however, that the French version might not be of the same quality as the English version. It stressed the need to have both English and French to be of the same authentic and excellent quality. Concerning staff expenditures, the Delegation expressed its difficulty in understanding the explanation given by the Secretariat on staff movements between the regular budget and the reserves. It further stated that it would have been more efficient if the Secretariat had been able to provide a simple table on costs related to the premises as a way of explanation in order to be able to respond to the requests by the United States and Group B.

73. In introducing the document WO/PBC/3/3 the Secretariat recalled that it contained proposals for five Information Technology Projects, two of which, the IMPACT and the WIPONET Projects, previously been had approved by the PCT Assembly and the SCIT respectively. The figures presented for IMPACT and WIPONET included the start-up costs for the 2002-2003 biennium; for the installation and leasing of a large amount of computer equipment, which will be to enable WIPO to transfer the IT operations from the International Computer Center to the International Bureau.

74. The other three projects in the document (AIMS, CLAIMS and PCT E-filing), were being considered as new activities; noting that the PCT E-filing Project had been initiated within the IMPACT Project. Following the PLT meeting in June 2000 where issues were

raised concerning the ability, in particular, for IT Offices and applicants from Developing Countries to access the relevant technology related to electronic filing of patents and the fact that the initial estimate for the PCT E-filing Project was found to be insufficient to meet the agreed scope, the Director General had decided that a project should be established independently of IMPACT. The project would, therefore, have a dedicated project manager and team, and a revised budget. It will be developed as rapidly as possible in response to demands from Member States.

75. The Chairman expressed his satisfaction about the discussions held on Agenda items 4 and 5, which he considered, had been fruitful and broad-ranging, not only at the current meeting of the Program and Budget Committee but also in the months preceding. He recalled the previous decision regarding the possibility of a reconvened meeting in September, and assured the members of the delegations that this will take place if it proves to be necessary. Nevertheless, he reiterated the importance of having clear and precise instructions regarding the level of the budget as well as its level of distribution. He recognized the work in making the budget more transparent and welcomed the Secretariat's efforts in producing a more flexible and more manageable document. He expressed the hope of reaching an agreement regarding the budget document being considered. He noted the various positions of delegations whose views had been made known. Considering those interventions, he proposed the following conclusions of the Program and Budget Committee discussions on items 4 and 5.

*76. The Program and Budget Committee:*

*(i) noted that the proposed budget ceiling of Sfr512,600,000 for the 2002-2003 biennium contained in document WO/PBC/3/2 and Sfr82,900,000 for IT projects contained in document WO/PBC/3/3 received broad support;*

*(ii) agreed that the budget proposals should be presented in a single document, reflecting the structure of programs and subprograms and the distribution of expenditures by Unions and programs proposed in documents WO/PBC/3/2 and WO/PBC/3/3, including information technology and premises projects;*

*(iii) noted that the proposed level of fees for the 2002-2003 biennium as indicated in Table 2.B and the proposed Member States contributions for the 2002-2003 biennium as indicated in Appendix 4 of document WO/PBC/3/2 received broad support;*

*(iv) noted that the contents of document WO/PBC/3/3 on IT projects will be presented to the first meeting of the Information Technology Projects Working Group of the*



*SCIT (to be held from September 3 to 7, 2001)  
for technical review;*

*(v) noted the conclusion of the Chair of  
the Standing Committee on the Law of  
Trademarks, Industrial Designs and  
Geographical Indications at its sixth session  
as outlined in paragraph 8 of  
document SCT/6/5;*

*(vi) agreed to request the Director  
General to submit a revised budget document  
in all official languages no later than June 30,  
2001, taking into account views expressed  
during the session of the Program and Budget  
Committee;*

*(vii) agreed to request the Director  
General to hold a reconvened session of the  
Program and Budget Committee in  
September 2001 to consider outstanding  
issues.*

77. The Program and Budget Committee adopted the conclusions made by the Chair, as reflected in paragraph 76.

78. The Delegation of Chile expressed its regret on the adoption of the proposals despite the fact one of their paragraphs had not been available for review in writing in all official languages. It expressed its doubts on the acceptability of a report which contains proposals, in particular in respect to paragraph 5, on substantive issues subject to ongoing discussions within the subsidiary bodies of this organization. It also expressed its discontent with the way discussions on item 5 was reflected.

79. The Delegation of Australia, having associated itself with the statements made by the Delegation of Chile, indicated that the paragraph on geographical indications did not prejudice its position on the subject.

80. The Delegation of the United States of America stated that it was inappropriate for any substantive meaning to be attributed to the paragraph in question. It expressed its agreement to it on the express condition that it carried no meaning whatsoever in terms of the substantive work of the Standing Committee of Trademarks.

81. The Delegation of Mexico associated itself with the statements made by the Delegation of the United States of America in respect to the fact that the content of paragraph 5 should have no substantive implications on the work of the Standing Committee of Trademarks, Industrial Design and Geographical Indications.

82. The Delegation of France requested a clarification on the meaning of “technical review” in paragraph 4.

83. According to the Secretariat, the wording “technical review” implied a review by SCIT of all technical matters in the document in relation to IT projects and their budgets.

84. The Delegation of Madagascar expressed the concern of the African group on paragraph 1 and inquired about the future of IT projects beyond 2003. In respect to paragraph 4, it requested a clarification on whether the submission of the relevant document to SCIT in September would adversely affect the start-up of proposed projects.

85. The Secretariat indicated its intention to include discussions on IT and premises’ projects in the Program and Budget document, as it had been requested, emphasizing their long-term financial implications.

86. The Delegation of the Netherlands commented on the issue of forecasts in respect to PCT activities and its levels of income. While the levels of activities and budgets for PCT and Madrid systems continued to grow, proposed decreases in the PCT fees would be expected to result in income stabilization and the neutralization of the expected growth. As to the Madrid system, the same results were expected due to measures carried out in 1996. The Secretariat was requested to present during the next session of the committee its views on such issues as the possibility of higher costs due to an increased number of applications and the feasibility of income stabilization. A large increase in the proposed budget was noted, and the benefits of using surplus resources for automation were recognized. The Secretariat also was requested to explain its position on the potential limits in fee reductions and alternative ways of utilizing surplus resources, including their recovery by the states.

87. The Delegation of the United Kingdom agreed with the summary presented by the Chairman, but expressed sympathy with the concerns stated by the Delegation of the United States of America. The Delegation noted that the budget increase was very large and was not just confined to those areas which service the demands of the very successful registration and arbitration systems, but had occurred in almost all programs. The Delegation noted that the Member States of WIPO were fortunate in that their governments do not have to finance the full costs of WIPO programs, nevertheless, WIPO should not abuse this situation by assuming the increased cost of programs was acceptable every biennium. It stated that it was very pleased to see some of the increases. It particularly welcomed the support for the important new project on harmonization of substantive patent law and the new Intergovernmental Committee on Intellectual Property and Genetic Resources, Traditional Knowledge and Folklore. In general, though, the Delegation expressed its preference that savings be found in other areas to support these current high priorities, as was the practice in policy development programs in other UN agencies. The Delegation said that it was not convinced that all the proposed expenditure in the budget would deliver good value for money against the goals of the Organization. Before considering any budget for the following biennium, it expected to see evidence of the improvements and the value that these increases brought. In particular, it hoped to see more objective program performance reports recognizing areas which could be improved in addition to successes. The Delegation also hoped that consideration would be given to improvements in performance indicators, as recommended by the external auditor. For example, the number of seminars organized by a program was of less interest than how many people attended and how much they benefited from it. Another example, under Main Program 9, it hoped that a need had been identified for the 100 new public information products, since it considered WIPO’s existing range of literature to be excellent and already embracing most of the obvious information needs. It further stressed that while their intervention may have sounded negative it was not the intention. To request each biennium a large increase in budget suggested that in the current program something important could not

be achieved. If this was the case, then it needed to know what that was. Improvements were always possible, however the United Kingdom was overall very pleased with WIPO's work.

88. Concerning item 6 of the agenda (document WO/PBC/3/4 "Accounts for the 1998-1999 biennium"), the Chairman welcomed the External Auditor, Mr. Kurt Grüter, who is the Auditor General of the Swiss Confederation, and his colleague Mr. Denys Neier, who is responsible for the WIPO mandate. The Chairman added that there had been informal consultations this week on the subject of the accounts for the 1998-1999 biennium.

89. The External Auditor, in introducing the recommendations contained in the Audit Report, stated that he had been able to give a favorable opinion, which says that one can without reserve approve the accounts. According to their audit, the accounts are well managed, very well kept, and collaboration with the Secretariat has been very good; the External Auditor thanked the Director General and the Secretariat for their collaboration. As regards the four recommendations contained in the report, which were made to improve management and create extra value for the Member States, they have, for the most part, been implemented. With regard to the change from the former "Audit Certificate" to an "Audit Opinion," the External Auditor pointed out that this was purely a change of form and had no influence on the contents or the seriousness of the audit; there has been no change at all in the policy of his audit service. This change of form followed the standards of the international organizations, which follow the standards set by the professional organizations and the United Nations.

90. The Delegation of the United States of America restated its earlier position opposing the withdrawal of funds from Contribution-based Unions to establish a reserve to cover all or part of the unpaid Member State contributions. The establishment of such a provision is not merited and would not usefully address the issue of unpaid contributions. In fact, it would seem to provide a disincentive for paying the obligations of membership. The Delegation noted with appreciation the Secretariat's efforts to reconcile the inventory lists and encouraged the Secretariat to continue these efforts to provide accountability for inventories.

91. The Delegation of France thanked the External Auditor for his presentation, and observed that the Financial Management Report 1998-1999 contained certain tables which were extremely interesting and could perhaps be used in the future. The Delegation referred in particular to Table 3 (which compares budgeted and actual income, and indicates that income was under-estimated when making budgetary estimates), Table 7 (which compares budgeted and actual expenditure), the very important Table 15 (which shows the financial reserves, and the use made of them, and which the Delegation would have liked to have had updated to December 31, 2000), and Table 28 (which compares the income and expenditure of the 1996-1997 biennium with those of the 1998-1999 biennium). With regard to Table 28, the Delegation noted that between the two biennia, income had increased by six per cent while expenditure had increased by more than 33 per cent. And looking at the development of expenditure from 1996-1997 to 1998-1999, staff costs had increased by about 26 per cent, expenditure on missions by 75 per cent, expenditure on lecturers by 75 per cent, costs for consultants and experts by 132 per cent, and other contractual services increased by 47.6 per cent. This gave some food for thought for the future, realizing that staff costs have kept up with the development of the budget for 2000-2001, so one should keep an eye on this area. If a large number of staff are recruited, the Delegation considered that the costs for experts and consultants should be reduced sharply. Noting its interest in these tables, the Delegation suggested that the Secretariat could provide tables like Tables 3, 7 and 15 with the interim results, for the next budget meeting, so that delegates would have a mid-term picture

and be able to draw on the experience of the past. This was important for forecasting income, as for several biennia income has been under-estimated, and also for forecasting expenditure, including expenditure on major information technology projects or buildings projects, which are major, long-term investment projects.

92. The Secretariat observed that a comparison of expenditures between the 1996-1997 and 1998-1999 biennia clearly shows that the Organization was growing a great deal, as it has continued to do and, since one would expect some variations, certain expenditures have gone up more than others. In terms of the suggestion that it would be useful to have a series of tables like those listed by the Delegation of France, giving mid-biennium figures, the Secretariat said that it would be possible to provide figures, as for the interim financial statement for 2000 that had been provided, but noted that a comparison with budget could only be made with the budget for the whole biennium, as there was no budget for the first year of a biennium.

93. The Delegation of France added that its concern was to ensure that one takes account of past experience, in terms of forecasts of both income and expenditures. Observing that the Secretariat had in several past biennia under-forecast income, the Delegation suggested that it might be useful for the Secretariat to review its approach towards forecasting of income, perhaps in consultation with the auditors. Referring to expenditure on staff, the Delegation noted that it increased by some 20 per cent between 1996-1997 and 1998-1999, and then 26 per cent again between the last biennium and the present biennium; for 2002-2003, there is another 14 per cent increase. The overall increase between 1996-1997 and 2002-2003 is approximately 85 per cent, which gives food for thought, particularly as staff expenses form an important part of WIPO's overall budget. There should, therefore, be some caution exercised regarding this budget item. The Delegation added that it was so that the Secretariat would be able to work in total transparency and cooperation with the Member States that the Delegation wanted interim, mid-biennium figures for the important matters of income, expenditure and reserves.

94. The External Auditor stated, with reference to the statement of the Delegation of the United States of America regarding a provision to cover unpaid contributions, that his recommendation was formulated in light of the principle of prudence. The intention is not to say that one could do away with these contributions, but simply to make a provision, following this principle. The External Auditor emphasized that, during the course of their work each year, a very critical eye was kept on this area and the auditors would point out to the Director General if there were to be any impression that contributions are not being managed efficiently. With respect to the comments made by the Delegation of France, he stated that the task of the External Auditor is set out in the terms of reference governing audit in WIPO's Financial Regulations. Their work is thus limited to checking the accuracy of the accounts in the implementation of the budget. The auditors also conduct tests and analyses to see whether the actual expenditures correspond to the decisions of the Assemblies, and any over-expenditures are noted in the Audit Report. The establishment of the budget and approval of the budget are within the competence of the Director General and the Assemblies.

95. The Chairman thanked the External Auditor for coming to the meeting and for the explanations he provided, and for the very favorable report and opinion that he had produced, which stated that the accounts had been very properly maintained and that one could approve them without any reservation whatsoever. Comments having been made by Committee members on the audited accounts for the biennium 1998-1999, and answers given to those comments, the Chairman considered that this item of the agenda was concluded.

*96. The Committee adopted the report with the provisions as summarized by the Chair in paragraph 76.*

[Annex follows]

LISTE FINALE DES PARTICIPANTS/  
FINAL LIST OF PARTICIPANTS

*établie par le Bureau international/  
prepared by the International Bureau*

I. ÉTATS MEMBRES/MEMBER STATES

*(dans l'ordre alphabétique des noms français des États/  
in the alphabetical order of the names in French of States)*

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Thomas MARKRAM, Deputy Permanent Representative, Permanent Mission, Geneva

Fiyola HOOSEN (Ms.), Third Secretary, Permanent Mission, Geneva

ALGÉRIE/ALGERIA

Nor-Eddine BENFREHA, conseiller, Mission permanente, Genève

ALLEMAGNE/GERMANY

Cornelia RUDLOFF-SCHÄFFER (Mrs.), Ministerial Counsellor, Head of Section, Federal Ministry of Justice, Berlin

BULGARIE/BULGARIA

Dimiter GANTCHEV, Minister Plenipotentiary, Permanent Mission, Geneva

CANADA

Sven BLAKE, conseiller, Mission permanente, Genève

CHILI/CHILE

Sergio ESCUDERO, Head, Ministro Consejero, Misión Permanente de Chile ante la OMC, Ginebra

CHINE/CHINA

XU Chao, Deputy Director General, National Copyright Administration of the People's Republic of China, Beijing

COLOMBIE/COLOMBIA

Luis Gerardo GUZMAN VALENCIA, Ministro Consejero, Misión Permanente, Ginebra

CROATIE/CROATIA

Denis ČAJO, Second Secretary, Permanent Mission, Geneva

ÉGYPTE/EGYPT

Ahmed ABDEL-LATIF, Third Secretary, Permanent Mission, Geneva

ÉQUATEUR/ECUADOR

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Michael MEIGS, Economic Counsellor, Permanent Mission, Geneva

Jean Paul EBE, Second Secretary, Permanent Mission, Geneva

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Symone BETTON (Ms.), First Secretary, Permanent Mission, Geneva



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Sato TOVU, Permanent Mission, Geneva

Takashi YAMASHITA, First Secretary, Permanent Mission, Geneva

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Fatima EL MAHBOUL (Mme), ministre conseiller, Mission permanente, Genève

MEXIQUE/MEXICO

Arturo HERNÁNDEZ-BASAVE, ministre, Mission permanente, Genève

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Maigari BUBA, Second Secretary, Permanent Mission, Geneva

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Jennes DE MOL, First Secretary, Permanent Mission, Geneva

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Ma. Angelina STA. CATALINA (Ms.), First Secretary, Permanent Mission, Geneva

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Jae-Hyun AHN, Intellectual Property Attaché, Permanent Mission, Geneva

ROYAUME-UNI/UNITED KINGDOM

Joseph BRADLEY, Second Secretary, Permanent Mission, Geneva

Michael John RICHARDSON, Senior Policy Adviser, The Patent Office, Newport

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Mícheál Ó RAGHALLAIGH, Third Secretary, Permanent Mission, Geneva

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Raffaele LANGELA, Second Secretary, Permanent Mission, Geneva

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Juliet M. GICHERU (Mrs.), First Secretary, Permanent Mission, Geneva

LETTONIE/LATVIA

Zigrīds AUMEISTERS, Director, Patent Office of the Republic of Latvia, Rīga

Martin PAVELSONS, Third Secretary, Permanent Mission, Geneva

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MALTE/MALTA

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Isabel PADILLA (Sra.), Consejero, Misión Permanente, Ginebra

Ysset ROMAN (Sra.), Ministro Consejero, Misión Permanente, Ginebra

RÉPUBLIQUE POPULAIRE DÉMOCRATIQUE DE CORÉE/DEMOCRATIC PEOPLE'S  
REPUBLIC OF KOREA

Chun Sik JANG, Counsellor, Permanent Mission, Geneva

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TURQUIE/TURKEY

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URUGUAY

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Virginia PEREZ PÉREZ (Ms.), First Secretary, Permanent Mission, Geneva

VIET NAM

VU Huy Tan, conseiller, Mission permanente, Genève

### III. BUREAU/OFFICERS

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Vice-présidents/Vice-Chairmen:	Milan MAJEK (Slovaquie/Slovakia)  James H. WILLIAMSON (États-Unis d'Amérique/ United States of America)
Secrétaire/Secretary:	José BLANCH (OMPI/WIPO)

### IV. BUREAU INTERNATIONAL DE L'ORGANISATION MONDIALE DE LA PROPRIÉTÉ INTELLECTUELLE (OMPI)/INTERNATIONAL BUREAU OF THE WORLD INTELLECTUAL PROPERTY ORGANIZATION (WIPO)

François CURCHOD, vice-directeur général/Deputy Director General

Roberto CASTELO, vice-directeur général/Deputy Director General

Shozo UEMURA, vice-directeur général/Deputy Director General

Thomas KEEFER, sous-directeur général/Assistant Director General

Francis GURRY, sous-directeur général/Assistant Director General

Sau Kuk Geoffrey YU, sous-directeur général/Assistant Director General

Yoshiyuki TAKAGI, directeur du bureau de la planification stratégique et du développement des politiques/Director, Office of Strategic Planning and Policy Development

Joachim MÜLLER, contrôleur et directeur du Bureau du contrôleur/Controller and Director, Office of the Controller

Philippe FAVATIER, directeur de la Division des finances/Director, Finance Division

Allan ROACH, directeur de la Division des projets informatiques/Director, IT Projects Division

Jaime SEVILLA, directeur de la planification stratégique/Director of Strategic Planning

Marco PAUTASSO, vérificateur interne principal des comptes et directeur par intérim de la division de l'audit et de la supervision internes/Senior Internal Auditor and Acting Director, Internal Audit and Oversight Division

José BLANCH, chef de la Section du budget, Bureau du contrôleur/Head, Budget Section,  
Office of the Controller

Helen FRARY (Ms.), chef de la Section de la gestion des techniques de l'information/Head,  
IT Business Management Section

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Annex and of document]